

# LOCAL GOVERNMENT AND HOUSING COMMITTEE

## INQUIRY INTO COMMUNITY ASSETS

### Response by the Bevan Foundation

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action.

We are grateful for the opportunity to submit written evidence to the Local Government and Housing Committee's inquiry into community assets. Our response draws on our extensive work on the potential of community assets to drive economic development in the south Wales valleys, published in 2020,<sup>1</sup> although many of the findings are relevant to other parts of Wales.

#### Introductory comments

We welcome the debate instigated by the Committee on community assets as called for in our 2020 report. A debate is needed because the growing pace of asset transfer raises important issues about responsibility for delivering essential public services. On the one hand, some communities welcome the opportunity to take on ownership and control of vital premises and services as they believe they can – and often do – improve their quality and relevance to local needs. On the other hand, some assets are so resource-hungry that they cannot be transformed simply by a change of ownership, while some communities do not have the skills and resources to manage them. The result is a loss of essential premises and services on which many people depend.

It is critical to recognise that community assets are neither inherently positive nor negative – they are essentially about a different form of ownership which may or may not be appropriate for the activity in question.

For example, the Bevan Foundation does not consider that community ownership is **generally** an appropriate substitute for public services that local authorities and others may be struggling to deliver, such as libraries, leisure centres and parks. However, community assets can and do have a role in delivering and developing other services, from childcare to industrial units to shops and hospitality businesses.

It is in the development of private goods and services rather than the provision of formerly public sector activity that we see the greatest potential for the development of community assets and for their scope to add both social and economic value.

#### Whether the current statutory and policy framework empowers communities in Wales to develop community assets

The statutory and policy framework in Wales does not make it easy for communities to develop assets. Unlike in other parts of the UK, communities in Wales do not have a right to bid for, manage or own assets whether publicly- or privately-owned. Our 2020 report called for legislation to enable communities that wish to take on ownership of assets in their community to have the right to do so. We saw this as underpinning the potential of

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<sup>1</sup> Bevan Foundation (2020) Productive community assets: generating the benefits. At: <https://www.bevanfoundation.org/resources/productive-community-assets-generating-the-benefits/>

community ownership not only to retain essential services but also to realise local economic potential.

The report noted that different rights are appropriate for different assets, and in particular that 'ownership' is not necessarily sufficient in its own right. For example in some instances, it is more appropriate for community organisations to have a right to manage an asset rather to own it, for example if outright ownership would bring substantial (and often historic) liabilities as in the case of brownfield sites. Similarly, ownership 'with strings' could be unhelpful.

Despite this potential, public policy in Wales has instead focused on the transfer of assets out of public ownership. We found that asset transfer brought considerable challenges, as the policy emphasis is on the transfer process and not on the longer-term viability and potential of the asset. (see below)

### **The extent the Community Asset Transfer scheme promotes and supports effective development of community assets**

There are mixed experiences of the Community Asset Transfer scheme. In the course of our work we heard that often the premises or services that are transferred are at best barely viable, for example with 'assets' being buildings that needed substantial repair. We also heard of transfers with highly onerous terms, for example short leases that limited options for raising finance or restrictions on new types of activity that the new owners could develop. If a community asset is to be a viable proposition, it must have maximum stability, flexibility and opportunity to flourish.

A key issue is that community assets cannot develop without the skills, capacity, resources and entrepreneurship of people. If an asset is not sustainable in public ownership then the community must be able to bring something very different and new if the asset's fortunes are to change. Our 2020 report cited evidence from England that showed that community assets were underrepresented in disadvantaged communities while mainly prosperous communities benefited.

Asset transfer must therefore be accompanied by effective training and support for the community group taking on ownership. We heard that experiences were mixed.

Last, the framework to safeguard assets should be significantly strengthened. Without them, ownership and control of assets in community ownership can change. For example we heard of assets into which there had been considerable public and community investment being sold into private ownership.

### **To explore barriers and challenges faced by communities in taking ownership of public or privately owned assets, including finance and support services**

Some of our points are covered above but briefly the barriers and challenges that we identified are:

- limited opportunities to request a transfer of ownership and / or control of an asset that the public or private owner may not be minded to transfer;
- issues in the structure of the transfer especially re liabilities, length of lease and restrictive clauses;
- lack of access to finance especially for newly-formed community groups that have no previous financial record;

- lack of encouragement to widen community ownership through models such as community shares rather than ownership by a small group of community members;
- lack of support for the skills needed to manage an asset especially in disadvantaged communities where individuals may not have acquired skills through their work.

Despite the focus on the challenges, we would also stress the benefits of a community asset approach. Many communities across Wales are experiencing the contraction of services, leaving residents without the services they need as well as unused premises. In small pockets of Wales community groups have grasped the opportunities to create thriving businesses which employ local people and retain wealth in the area. Greater clarity in public policy and better support would enable more places to benefit from the potential that undoubtedly exists.

June 2022

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