Housing, Health and Environment Unit

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To Buy, to Bid, to Build

Community Rights for an Asset Owning Democracy

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To work

To try

To buy

To know

To bid

To build

A ResPublica and NESTA Joint Publication

NESTA Making Innovation Flourish

ResPublica changing the terms of debate

Contents

Introduction

After a decade of booming state investment and welfare spending, meaningful assets and market entry have become the preserve of the rich. The harsh reality of Britain today sees the wealthiest half of households holding 91 per cent of the UK's total wealth, with the remaining 9 per cent distributed among the least wealthy. In fact, the bottom 10 per cent of society has a negative net wealth. This disparity is even starker in terms of financial wealth, with the bottom half of households in Britain owning 1 per cent, whilst the top 20 per cent accounts for 84 per cent.[1]

An asset is, by definition, a source of potential future income, whether that asset is cash in the bank, a property or an investment in a business. All communities own a range of assets, including the time, knowledge and future potential of those who live in them. However, on this definition, the only genuine asset held by Britain's burgeoning welfare class is the welfare promise, that double-edged entitlement to a minimum standard of state-guaranteed income. This may be crucial for daily survival, but the welfare promise is an asset without any of the long-term benefits of wealth, without the empowerment, the psychological wellbeing, the optimism or the social status that all stem from genuine ownership.

And ownership we believe is the most crucial factor in creating entrepreneurship and the chance of a bottom-up prosperity that can change lives.

The popular idea that spending cuts are inherently regressive depends on the notion that a reformed welfare state will just do less of the same thing. But this is no longer an option. The crisis of social welfare extends much deeper than the current economic contraction. The welfare state was designed for a demographic pyramid which no longer exists and has built a culture of passive dependence which Beveridge never imagined and would have abhorred.

Welfare states around the world will be forced by hard budgetary constraints to reconsider their current model of provision. The state needs to redefine its relationship with individuals and, crucially, with communities. It must find a way of re-endowing communities with independence and self-sufficiency, of giving them the wherewithal to transform themselves and their neighborhoods. The starting point is rethinking how it can leverage and direct not only its revenue budgets but – as this paper will discuss in detail – also its capital assets in a way that broadens and deepens social action and civic participation.

The opportunity for this new relationship in the UK has arrived sooner than expected or hoped. Given the extent of budgetary cuts, a large proportion of the public estate is no longer sustainable in its current form. We now face an unprecedented mass divestment of state assets, which among other things is likely to include:

- Libraries.
- Swimming pools.
- Community centres.
- Public spaces.
- Council offices.
- Courts.
- Police stations.
- Prison buildings.
- The road network.
- British Waterways.
- RDA, MoD and Whitehall assets.
- Ports.

In the years to come, a huge amount of this wealth will suddenly cease to be public and there is a real risk that such assets will not only be privatised (as during the 1980s) but privatised in such a way as to reinforce existing inequalities of wealth. There is a danger that the net result will be a rent seekers' paradise, where vested interests triumph over communal need and wealth flows backwards to the already established and upwards to the already wealthy.

We believe that the opposite is possible. Public assets can – and, wherever desirable, should – become community assets, owned mutually or by individual shareholders or stakeholders in association with communities. These public goods can, if properly directed and organised, capitalise both civil society and the bottom 10 per cent of society which currently has negative net wealth.

Such an approach would address the challenge of some neighbourhoods remaining 'poor' despite decades of attempts at change, while others simply gentrify. By building incentives and opportunities for people to develop a common and reciprocal interest in creating and improving assets in which all have a stake, we can find new ways of incentivising those who acquire wealth through their own enterprise to remain in their communities and contribute to their further development rather than move on and move out.

To accomplish this, we have outlined a series of **six community asset rights that must be put in place before this monumental shift in the public estate can occur: community rights to buy, to build, to try, to bid, to work and to know**.

We have also laid out **four simple ideas to capitalise the poor**, aimed at encouraging and incentivising, on the one hand, individuals and groups to invest in local social projects, and on the other, banks and government to invest in deprived communities and build community capability and capital.

At this moment, when many are concerned that the vision of a Big Society lacks definition and the enabling state designed to facilitate the new civic middle lacks the necessary resources to actualise it, we have an unprecedented opportunity to lay the foundations for a truly popular and meaningful Big Society by simultaneously capitalising civil society and spreading ownership. More importantly, we have an opportunity to achieve a bottom-up prosperity that builds resilient and independent communities capable of providing individuals with sustainable exits from poverty and entrances into wealth and wellbeing.

Executive summary

Ownership of local assets by community organisations and individuals, particularly in low-income areas, can help liberate people from social inequality, economic dependency and entrenched poverty.

Background

Recent years have seen an acceleration of community-led initiatives to take land and buildings into community ownership. They embrace a wide variety of settings and asset types and have produced positive impacts and benefits in many localities, including some of the very poorest areas. Attempts have also been made to extend individual asset ownership to those on low incomes, although the two approaches, community and individual, have rarely been brought together in a concerted way.

The potential exists to do much more; in coming months and years asset ownership could provide a robust foundation for successful community-led responses to multiple challenges.

This potential, however, cannot be realised without dismantling obstacles, conferring new powers, and delivering the necessary support and investment that will enable communities to mobilise and build assets for the common good. This paper outlines the contours of ideas for speeding progress.

Ten ideas to capitalise the poor

These constitute an integrated series of proposals; some build on past and current initiatives, others are new. Implemented together, they will create **a true and lasting asset effect**.

First, we consider six ideas for creating an enabling framework aimed at empowering can-do individuals and organisations in communities across the country:

- **A Community Right to Buy.**
- **A Community Right to Build.**
- **A Community Right to Try.**
- **A Community Right to Bid.**
- **A Community Right to Work.**
- **A Community Right to Know.**

Second, we explore two ideas for combining community and individual asset ownership:

- **Community Shares.**
- **Community Vouchers.**

Finally, we consider two ideas for building local capability and increasing access to investment:

- **Nationwide support for local community agencies.**
- **Community reinvestment led by the banks.**

Implementing these ideas will mandate a shift in emphasis from public spending to public investment.

Part 1: Policy and practice to date

1.1 Community asset ownership

The attempt to achieve asset ownership in poor communities has a long history. Its presence is apparent down the centuries: revolts against land enclosure from the 15th century onwards; 17th century experiments by the Levellers and Diggers; late 18th century radicalism; the first co-operative communities and the emergence of Labour and Conservative-sponsored mutual societies in the 19th century; 'land for people' movements leading up to and following the First World War; early experiments in community enterprise in South Wales and elsewhere during the 1930s Depression.[2]

Over the last two decades, the Development Trusts Association has promoted a form of community development in the UK's most deprived communities that is characterised by independent locally controlled organisations with a self-help ethos taking over underused land and buildings and bringing them into community ownership. Parallel work has been undertaken by organisations like the Plunkett Foundation, which has promoted community ownership of village shops and pubs, and community land trust initiatives – now supported by a National Community Land Trust Network – which have attempted to bring land into community ownership, the emphasis being on affordable housing.

Moreover, the past decade has also seen independent investment agencies specialising in community asset finance, such as the Yorkshire Key Fund, Venturesome and the Adventure Capital Fund, modelling a new kind of engaged patient capital (often combining grants, loans and investment-readiness support). Such activities complement more traditional finance from independent charitable trusts, government grants and contracts, and bank lending.

The supply of loan finance from social lenders such as Triodos and Unity Bank has also grown, assisted by government support for Community Development Finance Intermediaries, including the Community Investment Tax Relief introduced in 2002 (though initially there was a failure to complement supply side growth with measures to grow the demand side, and for a time most social lenders struggled to build their loan books).

The Land Reform Scotland Act 2003 introduced a 'community right to buy' in rural areas of Scotland. In England, the Treasury issued a General Disposal Consent in 2004, which allowed public bodies to sell assets to community groups at less than market price without Secretary of State consent, provided the undervalue was less than £2 million.

This was followed by the 2007 *Quirk Review*[3] which recommended that local authorities and other public bodies consider community asset transfer as a viable option for achieving local benefit. Subsequently, government has funded an Asset Transfer Unit, and work is underway in over 150 local authorities in England to progress community asset transfer plans.[4] The 2007 Sustainable Communities Act reinforced the principle that local people know best what needs to be done to promote the sustainability of their area – and that sometimes central government's role is enabling them to do so.

Recently, dedicated finance has been made available from the Big Lottery Fund (in the form of grants) and from government (in the form of a mix of grants and loans) to support these policy developments. However, we have reached the point where the availability of such finance is now outstripped by demand. The £30 million Community Assets Programme, launched in 2007 and designed to help local authorities transfer assets to community ownership, received bids with a value of over £150 million. The £70 million Communitybuilders programme, launched in 2009 and operating at half the scale originally envisaged, has capacity to make around 75 main investments; it has received expressions of interest from over 1,300 organisations.

In 2009, the Labour Government announced specialist initiatives aimed at enabling communities to assume control of assets on a temporary 'meanwhile' basis, and in under a year these initiatives provided advice and support to 700 organisations. However, a £3 million fund to assist communities in taking over failing pubs was an early casualty of the 2010 spending cuts.

In short, while significant progress has been made, it has not been evenly distributed. There are presently £590 million of assets held in community ownership by development trusts, representing a two-fold increase over the past five years.[5] Rural Scotland has seen spectacular gains: 60 per cent of the Western Isles is now in community ownership, but elsewhere, in the Midlands and the East of England especially, progress has been far slower.

Community asset development remains difficult in practice. In 2009, the Asset Transfer Unit estimated that over 1,000 transfer initiatives were being attempted in England, an indication of the extent to which demand is growing within communities. However, most community asset development initiatives take many years to come to fruition, and even for those that benefit from a viable business case, effective leadership and the capability to deliver strong community impacts can be defeated by local political manoeuvring, endless delays and bureaucratic procedures, and lack of finance.

1.2 Individual asset ownership

The notion that people, including those on low incomes, should be able to acquire a direct financial stake in local assets in their communities has been long neglected. Various forms of share ownership were attempted nearly two hundred years ago in the early co-operative movement era, though it was noted at the time that several otherwise successful co-operative communities (notably Ralahine in Ireland) foundered because of a lack of direct ownership.

In the 1840s the Chartist Feargus O'Connor established a national Land Bank. This enabled 60,000 working people in the industrial slums to take shares in self-sustaining model villages he built across England, an experiment that ended only when Parliament declared it an illegal lottery. The early mutual associations also provided a means whereby people could buy shares in social businesses and benefit from their commercial success.[6]

In the 20th century the mutual ownership movement fell into a slow decline, particularly at community level, and the advent of the welfare state was not accompanied by mechanisms that would have encouraged individuals to pursue a direct stake in the ownership of local community facilities.

De-nationalisation and de-mutualisation in the 1980s and 1990s led initially to a widening of share ownership. However, as far as the new shareowners (who were, for the most part, already comparatively well off) were concerned, this was simply a welcome personal windfall unconnected with community or society, the result being that the disadvantaged and now their children were and are left still further behind.

The council house right to buy programme introduced by Margaret Thatcher in 1980 was a dramatic demonstration of the widespread appetite for asset ownership. Two million council houses were sold over the following two decades and produced a rapid extension of capital wealth among large numbers of people on modest incomes. However, the fact that this right to buy occurred in the context of steep inflation in house prices helped to create a further gulf between those with assets and those without.

Overall, many individuals – and property owners in particular – have seen the value of their assets rise sharply as the result of credit-fuelled speculation. In contrast, those excluded from the market – and ownership – have fallen ever further behind: the poorest 25 per cent of the population now own less than 1 per cent of total assets. Nor do the commercial financial markets help redress the imbalance: the boom in UK consumer credit worked mainly in favour of the wealthy and only £12 billion of the £232 billion debt was sub-prime.[7]

The Labour Government did make one attempt to address this imbalance in the form of its 2002 introduction of the Child Trust Fund. This provided new parents with a £250 voucher which they could invest, tax-free, for 18 years in a shares or cash-based account. A further £250 was provided when the child turned seven and, in the meantime, parents, grandparents or others could top up the account up to an additional £1,200 a year. However, one of the first acts of the new Coalition Government was to announce in May 2010 that the scheme would be phased out and scrapped entirely as of January 2011. One of the current authors has argued in a separate publication that, whilst the government contribution may have had to be withdrawn, there is no reason to abandon the vision that the Child Trust Fund hoped to realise and that households could be 'nudged' into savings via the existing infrastructure, with incentives provided by non-governmental bodies.[8] Concern about the impact of the abolition on the savings element asset ownership appear to have been addressed in part by the announcement of the introduction of 'Junior ISAs' from Autumn 2011.

Community responses to the inequalities of individual asset ownership in the UK have been relatively weak. For example, the credit union movement has failed to grow to scale compared to the United States, where the Community Reinvestment Act has been a powerful vehicle for generating community capital in low income neighbourhoods. It is only in the past two years that the practice of community share issues has been systematically revived and, while the level of activity is modest at present (Co-operatives UK and DTA have identified over 100 current community share initiatives), the potential to take this further seems real.[9]

Part 2: The varieties of community asset ownership

2.1 Types of ownership

In 2010 Tom Woodin, for the Joseph Rowntree Foundation, identified five types of social asset ownership:[10]

- Common and customary ownership (e.g. unenclosed common land).
- Community ownership (e.g. village halls, settlements, development trusts, community shops).
- Co-operative and mutual ownership (e.g. food co-operatives, building societies, credit unions).
- Charitable ownership (e.g. almshouses, early hospitals, modern service delivery charities).
- Municipal and state ownership (e.g. hospitals, schools, housing, nationalised industries).

Different types of ownership, embracing all of these categories, can and should co-exist in every community, given that each has the capability to respond to different local circumstances, address a range of needs and deliver a range of benefits.

2.2 Types of asset in community ownership

Focusing our attention on Woodin's second category of 'community ownership' (and noting that in practice there is sometimes an overlap with his third category of 'co-operative and mutual ownership'), the number of variations on community-owned asset development becomes apparent.

The Development Trusts Association's 2010 survey highlighted the fact that, within the previous 12 months, the following types of land and building were taken over for community purposes:

> Disused industrial buildings, redundant offices, empty restaurants, boarded-up shops, residential housing, old school buildings, closed libraries, wasteland, parks and recreational space, youth hostels, enterprise parks, former chapels and churches, woodland, pubs.

The DTA survey also showed that development trusts are leveraging the assets they own to deliver a wide variety of facilities and services:

> Managed workspace, business support, childcare, cafes and restaurants, affordable housing, delivery of public sector contracts, education, community shops, festivals,

employment services, renewable energy, consultancy, advice and guidance, community newsletters, parks and gardens, sports facilities, transport, etc.

The issue of affordable housing is a particularly interesting one. This has become almost entirely the domain of the housing association movement. Many of the early housing associations emerged from – and were rooted in – local communities (or sometimes communities of interest). Often they were founded or assisted by private philanthropy, and some of them operated on a mutual basis. The second great wave of associations founded in the 1960s emerged in response to community concerns about the dire state of local housing (as vividly portrayed in the 1966 groundbreaking television drama, *Cathy Come Home*) and a determination to effect direct change. However, the introduction of state finance from the early 1970s and the growth from the late 1980s onwards of large scale leveraged private investment led to a consolidation of the housing association sector into fewer, larger management units, and a gradual separation between housing development and community development. In effect, the housing associations that came to dominate the market became accountable in the first instance to their investors and regulators, and on a secondary level to their tenants – but no longer to the local community. The result: housing as a community asset was lost. The fact that other community enterprise organisations such as development trusts were unable to access finance for housing development impacted negatively on their income and business development prospects.

More recently, attempts have been made to redress this situation, for example by the efforts of development trusts and others to initiate community-owned housing schemes through a spectrum of community land trust initiatives. However, despite considerable energy being expended, these efforts have to date remained relatively marginal, and the consolidation of the existing housing association movement has continued, with recent changes in housing finance threatening to increase further the pressure on associations to focus resources towards mainstream housing rather than community development. Although some do run exemplary community benefit initiatives, many housing associations have become remote from the communities they serve, in terms of ownership and control. As we enter an era of greater local self-determination, accompanied by declining state subsidy for social housing, there is real potential for localised community-driven and community-owned housing to move from the margins to the mainstream, something that will be addressed by a further ResPublica report, due for publication in the first quarter of 2011.

2.3 Viability or liability?

Not all land and buildings are assets. Some may require costly refurbishment or maintenance, are encumbered by restrictions on use or are weighed down by debt – making them, in effect, liabilities. They constitute assets only if they can generate net revenues or, failing that, if there is a stable source of subsidy available through an endowment or long-term grant arrangement.

Where revenues are generated through assets, whether by renting space, delivering services on contract to public bodies or operating facilities which people will pay a fee to use, the asset owner is operating in a competitive market. This means that the continuing viability of a business depends not just on its inherent capabilities but on changes occurring in the wider environment as well.

Such changes may have a profound impact on asset viability. For example, public expenditure cuts, coupled with a shift in commissioning practice from smaller scale and local to large scale and regional/national prime contracting models, are likely to undermine the financial viability of many community assets currently predicated on public service delivery operations.

This particular viability challenge is especially acute in low income neighbourhoods, where public expenditure is the major factor in local economic resilience and where the opportunity to diversify into other markets may be very limited, in the short term at least.

That said, where assets can fulfil multiple uses, adapt to changing circumstances over time and/or address new market opportunities – while at the same time producing community benefits – they have the potential to remain viable and valuable to their communities over the long term.

2.4 Sustainable assets

Land, and the energy we consume when we develop it, represents a finite resource, the squandering of which has long been recognised as environmental, economic and social folly. As Gerrard Winstanley pointed out as long ago as 1649, land is a 'common treasury to all', the pillaging of which would lead to division and poverty.[11]

Community asset ownership, especially at the local neighbourhood level, can be a simple but effective means of safeguarding this 'common treasury'. Where there are multiple long-term interests at stake of direct consequence to local people, there is likely to be more incentive to act responsibly in the maintenance, management, and development of natural and public resources. On the other hand, where local assets are subject to remote forms of ownership and decisions are driven by short-term economic factors, there are few ways to ensure the asset is used responsibly and productively for the community in which it is located.

2.5 Transformative assets

All land and buildings can be regarded as units of community value, but this value is not fixed for all time. It is increased or diminished in line with the degree of control exercised over the assets and the uses to which they are put.

In some instances, community asset ownership may simply protect community value, for example by safeguarding against neglect or by preventing land and buildings being used in ways that might damage the community. But the bigger prize is to enhance value and realise as much potential as possible for community benefit. This being so, the aim must be not just to widen community and individual ownership of assets, especially in low income areas, but to do so in a way that increases community value through ever more productive asset usage. This, in turn, calls for an approach that encompasses both asset transfer and – crucially – asset transformation, i.e. finding new uses for redundant assets.

This dual approach is especially relevant at a time when spending cuts are putting public services under pressure. If service transformation efforts by public bodies are inward-facing and the public sector is left to 'take care of its own', we are likely to see chaotic and ill-coordinated disposals of large numbers of assets. At best, these may result in the establishment of so-called 'arms length' organisations, which (with a few honourable exceptions) will be distant from their communities, and no more mutualised than the public bodies themselves.

The alternative to this 'less of the same' approach would be to involve local communities in the redesign of both services and assets, exploring the potential for each to reinforce the other. This would create a foundation for community ownership and community-run services that would enhance not only financial viability but also meet the service delivery expectations and needs of individuals and localities.

Part 3: Community assets of the future

As we have already seen, the range of assets capable of being brought into community ownership is wide – and there is clearly scope to further expand it in the near term. The recession and first wave of public spending cuts are bringing both new challenges and new opportunities for community asset development. In fact, if the opportunity is grasped, it seems very likely that new and ambitious forms of community asset ownership will become an enduring and wealth-creating part of the evolving social and economic landscape.[12] A variety of examples that make a difference are considered below.

3.1 'Meanwhile' assets

As businesses close and public sector activity is reduced, property that has potential community value is at risk. Boarded-up high street shops, empty offices, stalled construction sites or failed pubs and restaurants can either become community liabilities, with attendant social, economic and environmental costs, or be revived and transformed into assets of community value. In some cases this will take the form of temporary 'meanwhile' uses, which will carry the asset through the downturn until they are returned to private or public ownership once prosperity returns; in others, the temporary assets will pass into permanent community ownership and benefit localities over the long term.[13]

3.2 Multiple asset transfers

As the public spending squeeze compels local authorities and other public sector agencies to reduce and reconfigure their activities, a large number of public buildings will become redundant.[14] In light of the maintenance, insurance, and security costs involved, keeping them in state ownership would be a very expensive option. Some will therefore be sold on the open market to maximise capital receipts, while others will be transferred into community ownership, especially in cases where commercial values are low or where community groups could use the assets to deliver services formerly provided by the state, pre-cuts. Multiple asset transfers will be on the agenda. In many areas, the main challenge will be to design ownership vehicles that can take advantage of such opportunities – without creating an additional and costly intermediary tier – and ensure rapid and efficient transition to community control and ownership. Unless such challenges are met, many potential benefits will remain unrealised.

3.3 Workspace of the future

Refurbishment of buildings to create workspace is one of the tried and tested models of community asset ownership, especially within the development trusts network. But it would be a mistake to assume that this model will remain unchanged in years to come: work patterns, for example, will be strongly influenced by ongoing advances in IT capability, while increasing environmental awareness will promote further behavioural change.

In particular, when the much vaunted rapid, high-definition video conferencing finally becomes widely available and affordable, it will be possible for people to hold discussions with each other as if they were in the same room, and the distinction between remote communication and 'face to face' meetings may start to disappear. Truly efficient video conferencing, combined with remote access to shared office data (already widely available), may well mean that it is less necessary for people to travel from different places to a central point to get to know each other, enter into complex dialogue, reach agreements or accomplish day-to-day interaction. The economic and environmental advantages of this, combined with reductions in technological and price barriers are clear. However this global widening of engagement (see social media for its many myriad examples) will also require a local deepening – people will always want and need to meet and the rise in global opportunity will create the need for local capacity. The future, even a globalised one, will never and can never obviate the need for people to engage in real time and space and learn to share ideas and trust with one another. Globalism will require a new localism to access the clear economic opportunities that IT has generated. This new localism will require a pooling of assets capacity education and social resource to create the bottom-up prosperity needed to link up with our new globalised future. As such the networking aspects of a workplace remain crucial: value is created not just by economic activity but also through social connection, friendship, informal interaction and the unpredictable benefits that flow from association. In fact, the very importance of these 'soft' activities will likely fuel demand for hybrid working environments, places within walking or cycling distance from their homes, where people from different companies can come together to work, interact and engage. The environmental and quality-of-life benefits are obvious.

Such places will need to fulfil a dual function: provide a space for people to work and communicate with their colleagues remotely, and create the kind of social connectivity associated with a club. Facilities of this kind blur the distinction between work and leisure, and a neighbourhood facility combining office and club would likely prove a very attractive proposition. The private sector will certainly respond and will probably create exclusive clubs, designed for a workforce elite. The opportunity for the community sector is to take the successful models of community asset ownership, and design variations thereof, capable of capturing this potential market, and the wealth and social capital it generates, for the benefit of the wider community.

New forms of community-owned workspace, like Shine in Leeds and the Hub in King's Cross, are already pointing the way forward. However, such experiments are still at an early stage and well ahead of the technological advances required to enable the leap from niche market to mass market. These workspaces of the future will need to experiment with new financial, social and cultural models, and some will fail. But those that succeed will reap the rewards of creating high quality, economically productive, socially interactive, and environmentally beneficial community assets.

3.4 Community energy

Over the past decade, the potential for community asset ownership to contribute to an environmentally sustainable agenda has become apparent. Across the country, but in Scotland especially, there has been a rapid increase in community energy experimentation, including community-owned wind power, ground source heat pumps, biofuels, anaerobic digestion, hydro-electric schemes, solar power, etc. While the marginal economics of most such methods initially made mass application unfeasible, the maturing of the market, and continuing economic incentives are beginning to change the operating environment, and several forms of distributed community energy production are now looking commercially viable.

While private sector competition in the distributed generation of energy will inevitably increase, it will remain the case that community-run schemes, or those run as a joint venture with a community organisation, are more likely to win the local community support necessary to get a project off the ground. Community energy, therefore, looks set to rapidly become a key area for community asset expansion.

3.5 Local food production

The end of the 19th and early part of the 20th centuries saw a mass nationwide movement to take land into public ownership in the form of allotments, smallholdings, agricultural co-operatives and food subsistence societies. The 'right to dig' became a populist cause. Initially, the goal was to counter rural depopulation and ease poverty, subsequently it was seen as a means of delivering on Lloyd George's promise to settle soldiers and sailors demobbed after the First World War on the land, and latterly it was a response to the Great Depression of the 1930s.

Given the rising cost of food worldwide, the rising revulsion against its mass commoditisation and an increasing desire for produce that is local, sustainably grown and unadulterated, conditions may now be ripe for a resurgence of the local grower cause. From Todmorden in Yorkshire to areas of urban renewal in post-industrial Detroit, enhanced forms of community food production are starting to emerge, including the colonisation of marginal and unused spaces in urban environments and greater local production trading and exchange. Indeed many supermarkets are now encouraging local producer co-operatives to form so that local produce of sufficient volume and quality is available for mass retail, the market opportunities for local and communal food production and retail are clear and manifest.

3.6 Schools of the Future

In 2008 the Labour Government announced plans to establish 100 co-operative trust schools. Unlike city academies, these remain part of the local education authority, though under the co-operative model parents, staff, teachers, pupils and the wider local community are encouraged to become members of the trust, making them effective owners of the school.

In 2010 Michael Gove announced yet more ambitious plans for Free Schools, aimed at making it easier for groups of teachers, charities, universities, private businesses and others to set up new schools outside of the local authority system. Free Schools will be subject to inspection, but will otherwise have a high degree of operational autonomy on matters such as the curriculum, opening hours, and payment of teaching staff. Supported by an independent charity called the Free Schools Network, the first Free Schools are scheduled to open in Autumn 2011. Widespread adoption of this initiative across communities could provide an opportunity to overcome the concerns of those who fear the programme risks socially divisive enclaves for a privileged few, and instead realise its potential to deliver improved education outcomes in even the poorest neighbourhoods, whilst increasing the value of assets and social capital that exist within them.

Whatever the outcome of the debate on community-run schools, community ownership and management of buildings for educational purposes could and should be an attractive prospect for many communities. We have already reached the point where we can envisage local community trusts able to demonstrate their suitability, taking on the ownership and management of school facilities. Their activities might also include designing community-run buildings for use as flexible learning spaces, thus reducing reliance on traditional school buildings, and creating truly 'extended schools' – places of learning and education that also provide a base for a raft of community enterprises capable of revitalising and transforming neighbourhoods country-wide.[15]

3.7 Personalised services

The current programme of public service modernisation has at its heart a fundamental inconsistency. On the one hand, greater choice is being made available to service recipients, to the extent that individuals will have control over their own social care budgets and be able to purchase the services that best meet their needs from whichever provider they deem appropriate. On the other hand, the commissioning regime currently being driven forward is handing virtual monopolies to large national private sector and third sector businesses offering standardised packages of services designed by commissioners and contractors rather than by individual service users. For some types of service, where most people have similar circumstances and needs, this may work well; however, for many low income individuals and families, daily life is simply too complicated and chaotic to fit within this model. Beset by uncertainty, they are preoccupied by multiple, constantly shifting social and monetary problems.

Personalisation of service budgets will, nonetheless, have the effect of driving up consumer aspiration and purchasing power. If people perceive that they are not getting a good deal from large, remote service providers, local community organisations will have the opportunity to demonstrate their ability to respond more effectively by leveraging local operations, knowledge and relationships.

Community anchor organisations such as the Burton Street Project in Sheffield, Cambridge House in South London, and Sunlight Development Trust in Kent, for instance, are able to provide a range of services within a single neighbourhood building. By creating spaces where service users are not seen as problems to be managed away, organisations of this kind can play a key role and become an integral part of an ever-changing pattern of work, social relationships, and mutual support. That said, in order to take full advantage of the financial opportunities that personalised budgets will bring, community anchor organisations must invest in customer management systems, marketing, and staff development to a far greater extent than in the past.[16]

3.8 Leisure activities

Recent decades have seen major shifts in the patterns of leisure activities taking place in community spaces. The decline in neighbourhood cinemas, bingo and bowling, swimming pools and playing fields, tea-shops, smoke-filled pubs, and working men's clubs has occurred in parallel with expansion by fast food outlets, quality restaurants, family-friendly pubs, up-market coffee shops, gyms and fitness centres. Longer weekday opening hours and Saturday and Sunday opening have become the norm rather than the exception. Some of these changes have been driven by consumer demand, others by changes in regulation, still more by public sector neglect. Whatever the causes, it is clear that public sector-run facilities, and some community-run ones, have tended to lag behind the market, the result being an ever-dwindling percentage of the local population passing through their doors.

Looking ahead, there will surely be further changes in the pattern of local leisure activities, with people continuing to seek, on a 24/7 basis, high quality experiences in attractive settings that offer access to up-to-date equipment. Community facilities will have to be designed as highly flexible spaces that permit a smooth transition for day to evening usage. They will need to be capable of adapting to evolving market requirements and possess the resources required to keep investing in order to stay abreast of innovation and customer and community expectations.

The community sector could meet this challenge in distinctive ways. For example, some enterprises might position themselves as offering 'slow' lifestyles and experiences: attractive community spaces designed as a refuge from a stressful world would encourage unhurried social interaction and attract people in their leisure hours, generating at the same time a great deal of informal 'social capital'. Other community organisations could thrive by going in the opposite direction, creating high energy, vibrant spaces, where multiple activities located side by side would engage with and enthuse a wide spectrum of people, including those most disenchanted with more formal institutions.

There is, moreover, no inherent reason why a single community asset could not offer multiple forms of consumer experience, for example combining a slow lifestyle experience with the world of fast communications referenced earlier in connection with workspaces of the future. Such assets could provide, in the words of Neil Stott of Keystone Development Trust, both *"slow real and fast virtual"*, the best of both worlds.

Part 4: The case for community asset ownership

4.1 By or for communities?

Community asset ownership remains a contested topic. While there is certainly high level support across the political spectrum, some in national and local government and in the policymaking community are still resistant to the idea that citizens in general and people in poor communities in particular are capable of owning local assets – and they remain wary of the independence and self-determination that successful community asset ownership confers. They would prefer that assets be owned and managed by others *for* poor communities, rather than by those communities themselves.

This attitude, which is especially prevalent in the middle-ranks of public agencies, represents a formidable obstacle to progress, sometimes delaying viable community asset development initiatives by many years in wholly unnecessary ways. The same mentality has been behind attempts to set up asset holding intermediaries that deny community ownership and control, though to date these have rarely progressed very far because they are complex, costly, and self-evidently represent a barrier to many of the benefits that can flow from direct community ownership.

4.2 Benefits of community asset ownership

The case for community asset ownership has been widely documented in various ways by community practitioners themselves,[17] by independent researchers[18] and by government reports.[19] As the Department for Communities and Local Government reported in 2006:

> *"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. […]*
>
> *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."[20]

4.3 Risks of community asset ownership

The risks inherent in community asset ownership have also been widely described, along with approaches to risk mitigation.[21] As Barry Quirk noted in his landmark 2007 report: *"there are risks but they can be minimised and managed – there is plenty of experience to draw on. The secret is all parties working together."*

In *Managing Risks in Asset Transfer*, the Communities and Local Government department points out that there are also risks in not transferring assets to community ownership:

> *"It is important to remember that there will be risks inherent in all courses of action in relation to asset management. Not transferring an asset to a community-based organisation may mean that the local community risks missing out on the social, economic and environmental benefits that can result. Processes such as community engagement, undertaking 'joined up' reviews of assets and developing approaches for valuing social benefit can all contribute to clarifying the situation. They can help show that the transfer of public assets to community-based organisations can meet local needs and generate value for communities that justifies any risks involved."*[22]

Part 5: Developing a forward narrative

5.1 Owning a stake in the local community

The key question here is whether the current focus on localism and the wish of policymakers to involve communities more in the running of local facilities will remain essentially a top-down endeavour doing things for the poor, or whether the opportunity will be taken to shift the structures of local ownership and control in ways that create an 'asset effect', which systematically begins to capitalise people on low incomes, gives them a direct ownership stake in their communities, and creates a pathway out of poverty and towards greater individual and collective resilience, aspiration and independence.

5.2 A unified narrative

In order to achieve this, we need a more unified narrative, one which clarifies what needs to be done to create asset ownership for both individuals and community organisations. The scope of such a narrative is set in Figure 1. The elements indicated in Figure 1 are described in Part 6.

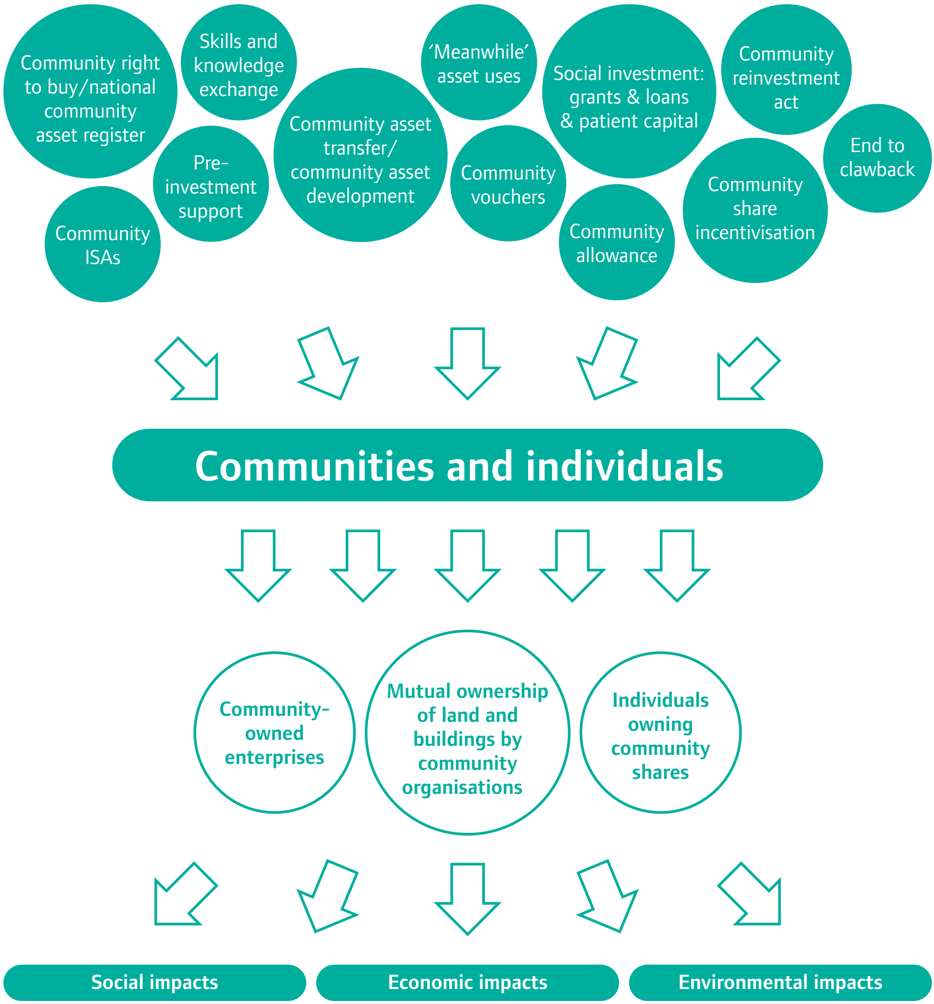
5.3 Community and individual ownership

The fact that a community organisation owns an asset does not, in and of itself, produce a public good. That is achieved only if in some way (in practice, usually in multiple ways), it delivers benefits directly or indirectly to people in the community. If those benefits are restricted to a small or exclusive group, then the public good is diminished, indeed in extreme circumstances, such as creating antagonisms between different sections of a community, it can even become a public evil. For this reason, the more that community assets are owned and managed in ways that directly engage large numbers of local people, the greater the likelihood of a positive social and economic asset effect.

By the same token, an individual's ownership of a particular asset does not necessarily make it a public good. If it is used simply for personal gain, ignoring the impact on others in the community, then the benefit is atomised and its contribution to the prosperity of the community as a whole is diminished. Moreover, in low income communities individual assets are often relinquished for short-term gain, leading to accumulation by the few and loss for the many. For this reason, the more that individual asset growth can be fostered in ways that encourage combination with assets owned by others, the more likely it is that more individuals will benefit and a wider asset effect will be achieved long-term.

Our challenge, therefore, is to find ways of capitalising the poor through measures

Figure 1: Asset ownership for individuals and community organisations



that promote both community and individual asset ownership, and wherever possible, combine the two.

5.4 Asset ownership – a means to an end

Asset ownership, whether individual or community – or a combination of both – is never an end in itself, but rather the means to an end. The way in which assets are managed will affect the extent to which underlying goals – greater community and personal self determination and independence, reductions in social division and injustice, a narrowing of the poverty gap, enhanced resilience, aspiration, and prosperity – can be achieved. But what is a necessary precondition for any of the above, in low income communities especially, is a broadening of asset ownership.

Part 6: Ten ideas to capitalise the poor

Ahead of publication of the Localism Bill, and building on the foundation of what has already been achieved, we now set out ten ideas aimed at maintaining momentum and taking community and asset ownership to the next level. Some of these represent the extension of previous initiatives, some are already being put in place by the new Coalition Government, others have yet to be acted on. Combined, they offer the prospect of a real 'assets effect' across the UK.

The package is implementable within the next three to four years, and leading networks of community organisations are there to assist and to help realise the next stage of the Big Society, provided of course there is the political leadership to drive things forward.

Our first set of ideas seeks to create an enabling framework for communities, on an organised self-help mutual basis, to build a community ownership asset base. Taken together, this enabling legislation would create a unified 'power of competence' for can-do individuals and organisations in local communities across the country.

1. **Community right to buy** – providing communities with a time window and first option to acquire an asset of potential community value.

The need for a mechanism that would permit communities to step in to save local services threatened with closure was highlighted by David Cameron in a party election broadcast in 2009. However, a community right to buy needs to do more than preserve what already exists, it must also allow communities to take on failing assets and transform them into viable ones. An important precedent exists in the form of the 2003 Land Reform (Scotland) Act, which guarantees rural communities a right to buy. In practice, this enables community groups to register an interest in privately or publicly owned land or buildings, and gives them first option to purchase when such assets come up for sale.

However, the mechanisms in Scotland for community groups to establish eligibility, register interest in a property, and then operate the right of first refusal are excessively cumbersome. A simpler mechanism – covering both urban and rural areas across the entire UK – is required. Its design should include provision for a transparent local community assets list, the ability for a community organisation with a public benefit asset lock (registered charity or community interest company for example) to have the right of first refusal when a property comes up for sale, and a minimum of six months (preferably longer) in which to exercise that right.

2. **Community right to build** – making it much easier for community projects, which have very strong local support, to get off the ground.

   The new Government is already in the process of designing legislation that would permit local communities to develop new homes and other facilities without the requirement for planning consent, subject to demonstrating 75 per cent support in a local referendum, and meeting sustainable development and environmental criteria. We welcome this.

3. **Community right to try** – helping communities take on underused assets (empty shops or derelict land for example) on a temporary basis to try to make them work as community assets, potentially transforming blight into benefit.

   The positive experience of the Meanwhile Assets project, and the work of agencies such as the Development Trusts Association, Meanwhile Space CIC, the Plunkett Foundation, the Federation of City Farms and Community Gardens and the Empty Shops Network, demonstrates that a great deal can be achieved by allowing community groups the chance to take on unused land and buildings (whether in private or public ownership) on a temporary basis, and bring them into 'meanwhile' community uses.

   In May 2010 it was estimated that over 250 'meanwhile' projects were either in place or in preparation across the UK.[23] Community uses to date have been endlessly inventive: galleries, festivals, allotments, markets, visitor centres, people's supermarkets, artists' workspaces, job training for the unemployed, among many others. As previously noted, in some cases the community project fills a gap before the asset returns to private or public sector use; in others, it lays the foundation for longer-term community ownership, building the confidence and capability of the community group in the process. Further design and promotion of 'meanwhile' leases, and practical support and assistance for community groups to 'give it a try', could deliver great returns at relatively minor cost.

4. **Community right to bid** – giving communities the chance to bid and run local services themselves.

   The 'right to request' in the health service has created the mechanism for public sector health workers to propose independent co-operative and mutual models for the delivery of health services – and the new government is considering ways of extending this to other service areas. There is, however, a further possibility:

that people in the local community, essentially the users of the services, might want an opportunity to bid to run the services themselves, through local community organisations, in joint ventures with national service charities or even in joint ventures with new mutuals created by the right to request.

For these possibilities to be realised, the default position must be that the commissioning of services should always be on a local neighbourhood basis, unless there are very compelling reasons to award a contract authority-wide, or at regional or national level. A regular process of service review and challenge across all local public services would create spaces for the co-design of new service delivery approaches, accompanied by local bidding windows, and ensure transparency of information on timetables and costs, without which effective community engagement cannot occur.

Of course, as in the case of assets, when transferring services it will be important to guard against transferring excessive risk onto the community organisations least able to shoulder the burden. In particular, public agencies must consider how they can help meet contractual liabilities for employees, which, under TUPE regulations, will pass to community organisations.

5. **Community right to work** – giving people on benefits the right to take up meaningful part-time paid sessional and short-term work, which would positively contribute to both individuals and communities, without it negatively affecting their benefit payments.

   Proposals already exist for a 'Community Allowance', supported by over 150 charities, social enterprises, faith organisations, academic bodies and others. These proposals would allow all people on benefits to take up part-time paid sessional and short-term work without disruption to payments like housing and council tax benefit, and other income such as free school meals and prescriptions. Such part-time work would be restricted to employment with local community groups or social enterprises able to offer worthwhile work opportunity. It is a simple idea that would have a profound impact both on the participants and the local community, allowing the benefits system to have a positive, enabling social and economic impact by providing a stepping stone out of welfare dependency, worklessness and poverty, while delivering valuable support to local communities and organisations.

   Furthermore, empirical evidence shows that these kinds of programmes are positive on two levels: not only do they move people closer to entering the labour market full-time by increasing access to social support, they also improve health and wellbeing. That said, in order to ensure 'job readiness' and prepare people to access full-time, sustainable living wage work, care must be taken in proposal design and delivery to ensure that the programme contains significant emphasis on personal development, job search and basic skills training, and social support. Genuine, community-based work of this sort could complement and support emerging government proposals to find work opportunities for the long-term unemployed as part of their reform of the work and benefits systems.

Positive impacts may be further enhanced if participants are permitted to work above the 16 hour limit, and receive community shares or community vouchers (see below), rather than cash, in return for the additional work. The single universal credit proposed by the DWP will be a big step forward and we would warmly welcome any development that allowed those on benefits the security necessary to volunteer and/or work part-time for the benefit of themselves and their communities. Combining this with local whole-community impacts as proposed in the Community Allowance would enable welfare reform to create a true Big Society effect.

6. **Community right to know** – creating the transparency necessary for people to take meaningful action to build community assets.

   The exercise by community groups of all of the 'community rights' set out above will depend upon transparency of information, in effect a 'community right to know'. A core task for local authorities, therefore, should be to provide the essential information to encourage can-do people and organisations in their communities to build up asset ownership, promoting in the process self-help, enterprise, and service transformation. Local authorities should be required to publish not just a list of expenditure items, as the Government has rightly proposed and is enacting, but also, for example, a full list of public assets of community value, a timetable of service reviews and a full-cost analysis of current spending on individual services. This information should be easily accessible – although how it is achieved is best left to local authorities themselves, working in partnership with their local communities.

Our second set of ideas concerns ways in which individual asset ownership can be combined with community or associative models, with a view to maximising positive impact.

7. **Incentivising community share ownership** – making it attractive for people, including those on low incomes, to purchase a stake in a local community asset.

   The last two years have seen a resurgence of the idea that community share issues can be a means not just of raising additional capital for valued community projects, but also of achieving greater engagement by individuals and providing them with the opportunity to acquire a direct stake. A programme supported by government and delivered by the DTA and Co-ops UK has identified over 100 initiatives, including community shops and pubs, community-owned wind and water energy production and community-owned football clubs. Good practice guidance for those issuing shares is now available, as is advice for those buying them. The challenge now is to grow this approach to scale, especially in low income neighbourhoods, through a simple incentivisation scheme that uses public funds to match private investments by local people in community shares.

8. **Community vouchers** – enabling people to make investments in local social projects on an associational basis.

   Where funds can be redirected towards individual community asset ownership (see below), multiple benefits could be achieved if two simple conditions applied: (1) funds would have to be invested in local social projects (voluntary and community groups, social enterprises, etc.) and (2) the investments would have to be carried out on an associational basis – in other words, an individual would have to find at least ten other people who agree to invest in the same thing. Some people would be content for their investment to go to a local social activity where there would be little or no financial return; others seeking higher returns would invest accordingly. In some cases, this would be the impetus for local people to establish wholly new social ventures.

   Our third set of ideas addresses the question of how community asset development can be best supported and where the necessary investment for community and individual asset ownership might come from.

9. **Nationwide support for local community agencies** – creating local vehicles capable of achieving significant, high impact asset ownership.

   Fortunately, in many communities there already exist good foundations on which to build, such as the well established network of over 1,500 community anchor organisations, multi-purpose local community-led agencies such as community centres, social action centres, settlements and development trusts. Moreover, there are many more community organisations currently focusing on a particular section of a community or specialising in a particular activity, which have the potential to assume a wider and deeper 'whole community' role. Of course, not all are in good shape; generations of underinvestment in the community sector and, until recent years, an unfavourable political environment have had a dampening effect – and the challenges of running high impact, inclusive, financially sustainable community organisations, especially in low income areas with their attendant social and economic problems, are formidable. It is therefore an indication of the immense latent potential in our communities that so many organisations of this type do in fact perform to such a high standard.

Going forward, we need to provide more effective assistance to such organisations when they are getting off the ground and, once they are up and running, help them perform effectively. Experience to date suggests that the best way to strengthen performance is learning-by-doing combined with the lateral exchange of inspiration, knowledge and skills available via a nationwide network of like-minded practitioners.

Additional technical support will be required for asset development projects; while in a few cases there may be local agencies able to provide this, the need for nationally sourced expertise will continue. However, any such national support must be highly responsive to the specific needs of the individual community organisations and not be over-determined by local or national providers. The coming months and years will also see proposals for multiple asset transfers and reconfiguration. Where the capacity of existing local community groups is low, intermediary agencies will have to assume a temporary asset development role, with the understanding that they must transfer assets to local community ownership as quickly as possible. Otherwise, we will see the creation of yet another form of asset capture that denies local ownership and perpetuates dependency.

The quality of the relationship between the local authority and the community intermediary is an important ingredient in community asset development; often the public interest will be clear and the relationship will be both constructive and creative. In those cases where the relationship breaks down, a mediation service, such as that pioneered by the Communitybuilders programme, may offer a positive way forward.

10. **Community reinvestment led by the banks** – creating a framework whereby banks and the wider private sector will contribute to creating asset wealth in under-served communities.

The creation of the Big Society Bank as a vehicle to apply funds held in dormant accounts by banks and other financial institutions is very welcome, but it will not, by itself, operate on the scale necessary to supply sufficient capital to generate a widespread community assets effect. The Community Reinvestment Act (CRA) in the US provides a valuable model of how a banking system, as part of its licence to operate, can be expected to play a responsible part in addressing the financial needs of poor communities without undermining commercial operations. There, an estimated $3 trillion dollars of private finance has flowed into poor American communities via bank finance for community development financial intermediaries and credit unions. There is now an overwhelming case for the introduction of an equivalent mechanism into UK banking, adapted as necessary to reflect the different operating context on this side of the Atlantic.

The introduction of a UK CRA, the subject of a current ResPublica research project, would offer a means for the Big Society Bank and other social investment agencies to truly grow to scale, and for the additional contributions of private venture philanthropists to become a mainstream rather than a marginal activity.

Implications for government of a community assets agenda: a shift from public spending to public investment

Can we expect all the investment required to capitalise the poor through community and individual asset development to come from the private sector? The answer is no, for a simple reason: in communities where the market has failed, often over generations, to achieve economic returns on its investments, there will necessarily be a requirement for some government subsidy if private finance is to find this a sufficiently attractive market to invest in. The challenge, then, is to introduce this subsidy in ways that reduce rather than reinforce dependency, and which stimulate local economic and social activity – not just creating wealth in communities but keeping it there too. The principle must therefore be, wherever possible, to shift from a regime of public spending to one of public investment, where the capitalisation of communities becomes a goal in itself. This would create from the bottom up the foundation for long-term regeneration and renewal. A radical rethinking of how public funds are used would flow from this approach, and major redirections could – and should – be considered, for example redeploying the £37.6 billion in pensions tax relief, a regressive approach that favours the wealthy, towards community investment programmes that serve everyone, including those who are poor.

A rethink of this nature would be accompanied by a shift away from a command and control culture towards one that is investment-led, where the role of the state is focused on finding ways of enhancing community investment readiness capability, exercising good judgement in investment decisions and understanding returns on investment. An investment approach would also lend itself to simplifying funding programmes, thus avoiding multiple silo-based approaches and fostering the creation of a smaller number of community investment funds with broader community transformation objectives. A mix of grant, loan and equity products will be needed, as will a range of government investment programmes able to operate at every level, from the national to the local.

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The Development Trusts Association is a nationwide network of community practitioners, helping people set up development trusts and similar community-led enterprises, and helping them inform and inspire each other. We are aiming for a successful development trust in every community. There are now 492 development trusts across the UK, in both urban and rural areas, and while many are still small, others are operating at scale: their combined turnover is £272 million and development trusts have £590 million of assets in community ownership. For more information see www.dta.org.uk

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