

**Response by the Social Enterprise Coalition to the Office of the
Third Sector's Community Asset Fund Consultation**

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Community Asset Fund Consultation Response

1. The Social Enterprise Coalition welcomes the opportunity to respond to the Office of the Third Sector's Community Asset Fund Consultation.
2. The Coalition was established in 2002 as the national voice of social enterprise. The Coalition represents a wide range of social enterprises, umbrella bodies and networks, with a combined membership of over 10,500 social enterprises. This response was informed by consultation with members of the Coalition.
3. The Coalition is supportive of the Government's position on the transfer of assets to communities, and is pleased that the benefit of transferring the ownership or management of assets to the community has been recognised in both the creation of the Community Asset Fund (CAF), and in the Government's response to the Quirk review.
4. Transferring an asset can empower a community through inspiring community pride and encouraging cohesion, providing a focal point for activity, and allowing community organisation to provide a sustainable social impact. Due to their combination of entrepreneurial business drive and public service values, social enterprises provide innovative and sustainable for the use of such assets.
5. The Coalition believes that at this stage the fund should be used to showcase the benefits of community asset transfer. The success of the fund will be integral to bringing about the required culture change among local authorities, to encourage increased asset transfer to community organisations and to inform good practice.

The average grant size is currently expected to be within a range of £250,000 to £500,000, perhaps with more for some projects, in order to achieve a strategic impact. Is this the right approach?

6. The Coalition supports this size of grant, as this would provide access to funding for a diverse range of organisations. A grant of this size would also enable organisations to access a 'cocktail' of funding including grants, repayable loans, and other forms of finance. The size of this initial sum should, however, be reviewed following the evaluation of the fund.

To what extent should this fund focus on funding large scale beacon projects?

7. Although it is important to acknowledge the diversity of organisations that could benefit from community asset transfers, the Coalition believes that the primary aim of the fund at this stage should be to raise the profile of and increase widespread support for community asset transfer. Consequently, the selection of suitable projects is critical to the potential impact of the fund. Given the limited funding available at this stage and the short delivery timescale, the Coalition supports the selection of larger scale 'beacon projects' provided that these projects also provide real benefit to the community.

8. The potential of the fund to leverage additional capital should also be considered in order to maximise the impact of the fund. It is likely that large-scale beacon projects will be best placed to attract such additional capital.
9. In the longer term, however, it is essential that community asset transfers recognise the value of a full range of organisations, including smaller social enterprises, and their ability to provide a vital connection with the community and offer valuable services. These organisations should be included in any further plans for asset transfer.

Should the fund take the proposed flexible approach to determining whether an asset is eligible?

10. Community Assets can take many forms, and it is important that local authorities have the autonomy to make appropriate decisions at the local level. Community organisations are often best placed to identify suitable opportunities. Land, for example, is a primary asset and in some cases it maybe appropriate to consider a transfer of ownership.
11. It is imperative however, that the fund not be used to transfer liabilities and assets that are unlikely to become sustainable. Such transfers could become a drain on community organisations.

Should the fund focus on areas where relationships are already strong and working partnerships are already formed, rather than bringing new partnerships together?

12. Given the short implementation period, the Coalition supports the proposal that the fund be used to support strong existing partnerships between local authorities and community organisations. These partnerships are both more likely to produce successful results and to realise these results within the timeframe of the programme.
13. The fund could be viewed as a reward for local authorities that are engaging in intelligent commissioning from a sufficiently active and diverse supplier base including community groups and social enterprises. As such the fund could be used to incentivise local authorities to further engage in such behaviour including the transfer of community asset.

Should we focus on supporting programmes of transfer in a small number of local authority areas, or fund projects distributed across many authorities?

14. The Coalition believes the lessons from the fund should to be used to inform the role out of future transfers. The distribution of the fund should be determined with this strategic purpose in mind. The Coalition is therefore supportive of the proposal to create a small number of exemplar authorities.

Is there scope for regional allocation of funding under this programme?

15. Whilst there is scope for a regional allocation of funding, the Coalition would advise against this at this stage given the additional planning and resources required. It is important in this instance that the projects are chosen on merit and a regional allocation of funding could divert from this purpose.
16. The Coalition would recommend, however, that any future development of this fund consider the rural-urban divide.

Should the fund aim to support innovative projects that are piloting a range of different approaches to asset transfer?

17. The criteria for selecting projects should recognise enterprise, innovation and sustainability, as well as a genuine anticipated social impact. The chosen projects should also be well planned and offer excellent results over a long term period. The recognition of innovation should not, however, preclude against a focus on *realistic* results: it is important that organisations are not chosen solely for being different if their plans seem unlikely to be realised. In short, the Coalition strongly advocates for the choice of innovative and enterprising projects that are likely to achieve a tangible social impact, whilst also providing sustainable outcomes through strong long term plans.

Should the fund have a preference for a particular type of asset transfer, such as transfer of ownership rather than a long term lease or management arrangement?

18. The Coalition would advocate the transfer of ownership. As identified in the Quirk review, "the greater the stake, the greater the financial and legal responsibility the organisation takes on, but also the greater the freedom to exploit the asset's potential."¹ The Coalition believes that ultimately ownership provides community organisations with greater security, along with the potential to use the asset to leverage additional finance. For example, much grant funding including the Big Lottery Fund (BIG) is only available against ownership and long term lease.
19. Nevertheless, the Coalition also recognises that in certain circumstances the full transfer of ownership may not be appropriate. In these cases long term lease, if of sufficient time period for example over 99 years, would be an acceptable option as this would serve the same purpose as the transfer of ownership. The Coalition would advise against short lease periods as they inhibit the asset being used to its full potential.
20. Similarly, the use of management arrangements limits organisations' ability to plan adequately or the future. The Coalition would only support the use of these

¹ Quirk, B. (2007) *Making Assets Work: The Quirk Review of community management and ownership of public assets*. See www.communities.gov.uk/

arrangements as an interim measure, provided that the full or long term transfer of assets is considered following the evaluation of project results.

What opportunities are there to co-ordinate with other funding streams and programmes?

21. It is essential that every effort is made to co-ordinate the fund with other funding streams and programmes including Futurebuilders. The leveraging of additional sources of finance will both maximise the impact of the fund and its sustainability. The Coalition would encourage the BIG lottery fund to involve specialist intermediaries, representing the diverse range of social finance providers that are available to community organisations and social enterprises, to inform this process. One potential opportunity for coordination is to use the fund to leverage additional regeneration funding.
22. The fund should also coordinate with funding streams that provide additional business support to ensure organisations have the necessary skills and the capacity to maximise the impact of the asset transfer. Given the need for sustainability and long term impact, the Coalition supports the Development Trust Association's (DTA) decision to allow the Adventure Capital Fund, who have the required expertise in providing business support, to distribute £3 million of the fund.
23. Every effort should also be made to share the lessons from the fund with the roll out of the Quirk report recommendations.

How can the fund be managed to influence policy and practice?

24. It is vital that the fund is used to influence policy and practice. As identified in the Quirk report, the perceptions and views of local authorities represent the most significant barrier to widespread asset transfer.
25. The Coalition supports the use of the funds to showcase the benefits of community asset transfer. An independent evaluation of the fund's impact should take place, reporting where success has been achieved in terms stability and financial independence of the transfer. This information should be mainstreamed, and a register of all selected organisations should be available to allow access to asset transfer learning. The Coalition suggests that the BIG lottery fund work closely with the DTA in disseminating the lessons of the fund through promotional or knowledge sharing events.
26. The Coalition would also like to be involved in a dialogue with the Office of the Third Sector (OTS) and the BIG lottery fund, in understanding and highlighting the role that social enterprises can play in providing successful social outputs as the result of community asset transfer.

Recommendations

- The aim of the fund should be to highlight the benefits and opportunities offered to Local Authorities through community asset transfer.
- The fund should be used strategically to leverage further finance, thus maximising the impact of the fund.
- Given the short timescale, the fund should be distributed to organisations that already have firm plans and partnerships.
- The fund should focus on sustainable enterprising projects which have a realistic long term business plan.
- The fund should complement the work of Futurebuilders, and integrate the findings from the recent Quirk review.
- The knowledge and learning should inform good practice for the future of community asset transfers.

SEC Policy Team
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