

Community Matters note on community ownership/management of assets

Written submission to the Quirk Review

1. Community Matters core members are community associations and similar multi-purpose community organisations. There are an estimated 4,500 community associations in England and Wales¹. Community Matters has around 1,200 members including over 100 local authorities and 900 community organisations. The latter members have the following profile:
 - 96% manage a community building(s) varying from simple halls to full community centres
 - 56% of those community buildings are owned by the local authority
 - 25% of the organisations have an average turnover of under £10,000 pa
 - The average turnover amongst the membership is about £80,000
 - Just over half the organisations have a paid part or full time manager or administrator. Just under half employ no staff at all.
2. Community Matters supports the principle of community ownership and management of assets. We agree that it is important for community based organisations² to have control of physical assets (land, buildings and equipment) in their community in order to stimulate community action and engagement, build stronger social capital and community cohesion and address economic and service poverty. We also agree that outright ownership of the asset is the ideal for most communities as this provides greater security of tenure for the community sector, potentially greater protection of the asset for community benefit and enhanced potential for asset based development.
3. Community Matters also believes that every neighbourhood and parish in the country needs at least one community hub or ‘anchor’³ which supports the development of community groups and organisations, provides a place for the community to meet, to organise and to carry out activities and provides space for local delivery of key services. Examples would include development trusts, settlements, social action centres and many community associations managing community buildings.
4. It is difficult to conceive of a single disposal policy to cover all local authority owned ‘assets’ and which would be appropriate to the principles in points 2 and 3 above. Derelict land and redundant buildings can be effectively used by communities as in 1 above and the decision to transfer ownership/control to a community organisation may be a more straightforward one. However, some assets, such as neighbourhood community centres, may be critical to achieving point 3 and may require a different approach to ensure their continued use as public space. In this regard it is necessary to differentiate between VCS use of community buildings.
5. Key issues for community organisations managing local authority owned community centres/halls are:
 - Type of tenure – lease, licence, other
 - Security – term of tenure, occupation conditions, linked service level agreements
 - Rent – low or peppercorn rents, market rent (or proportion)
 - Maintenance obligations – full repairing, internal only, shared obligations
 - Rates – 80% mandatory for charities, 100% including discretionary elementA survey conducted within our community organisation membership last year suggests that although the majority still benefit from low or peppercorn rents, there is a growing trend toward councils levying market rents or a proportion of market rents. In some cases this is then partly or wholly covered by a grant. There also appeared to be an increase in the issuing of shorter leases to community organisations. We have several specific examples and could call on some to give further information/evidence if this is needed. Local authorities often cite guidance from

¹ Joseph Rowntree Foundation research 1997 – *Forgotten resources?*

² Those made up of and accountable to members of the neighbourhood / community in which they operate

³ As defined in *Firm Foundations* – Home Office 2004

the Audit Commission, RICS or an internal department (often legal or finance) on creating clear asset management plans. Their valuations of the building may lead them to see the asset in purely economic terms and they may be oblivious to their options under the '72 and '76 and 2000 Local Government Acts. However, the biggest single factor in how they support their community buildings seems to be the extent to which the authority retains a community development approach to managing its assets.

6. Community Matters view is that market rents covered by council grants are particularly unhelpful as the link between the grant and the rent can quickly be lost, with the latter gradually increasing and the former being vulnerable to cuts. In our experience, for most small to medium sized community organisations high rents are unaffordable and quickly lead to mission drift, with income generating activity taking precedence over community needs and interests. Small community groups and some activities get squeezed out in favour of organisations that can pay higher fees for the space. Income generation through trading and enterprise may also be seriously limited in some localities. We also believe that it's a false economy on the part of the local authority as most community organisations are charitable and apply any surpluses they do make to their social welfare and community education programmes, and to community engagement.
7. Community Matters is concerned that the current position is untenable as local authorities increasingly take little interest in their community centres/buildings other than as economic assets and they, and the community organisations that manage them are very vulnerable to both policy changes and cuts. Feedback from our members suggests that some are losing all contact with their local authorities and this is leading to an even greater disconnect between the activities of the organisation and the objectives of the Council. We believe that a broader policy change is needed that recognises their importance, protects them and selects an appropriate mechanism for managing/owning them. Any policy that encourages local authorities to dispose of buildings must include reference to preserving active community use if government's broader aims of community engagement are to be realised.
8. As indicated in points 2 and 3 above, Community Matters belief is that community organisation control of community centres adds significant value in terms of community engagement. We further believe that this ought to be the aspiration of all local authorities and that where some of the factors in para 9 are a barrier, the authority should work with the community, following Community Development principles to achieve this aim.
9. There are a number of relevant variables within our community organisation membership, including:
 - 9.1 Variations in scale, capacity, skills, knowledge, confidence and effectiveness of their committees.
 - 9.2 Variations in the size, flexibility, state of repair, location etc of their community building (and a range of other factors determining whether it is a net asset or liability)
 - 9.3 Variations in level and range of activities and usage of the building
 - 9.4 Variations in the reach of the organisation into the full diversity of their community
 - 9.5 The degree of control over the centre enjoyed by the community organisation, varying from full autonomy to little influence (where the authority takes a more paternalistic approach)
10. The different variables in para 9 may mean that a range of different management / ownership arrangements should be available:
 - 10.1 Community organisations employing staff and with higher than average income may be able to receive/purchase the freehold of the building and this may considerably enhance their work.
 - 10.2 Others (including those less advantaged in points 9.1 and 9.2 above) may benefit from a long lease at a low or peppercorn rent with shared repairing obligations. (This is Community Matters recommended option for those not in a position to take-on outright ownership and provided there are opt-out clauses if the organisation gets into serious trouble). In this case the local authority could remain the landlord or the freehold could

pass to an intermediary such as a larger local community organisation or an RSL. In both cases, the security of tenure and principle of community management must be preserved.

10.3 In spite of Community Matters (and others) recommendations with regard to the advantages of a lease, some community organisations prefer to have less responsibility for the building and are happy to occupy it on the basis of a licence or other arrangement. This may be partly addressed through capacity-building but feedback from members suggests that some are very nervous of the responsibility and commonly cite elderly committees or low volunteer numbers as mitigating factors. Where buildings are well used (points 9.3 and 9.4 above are favourable) this may be an important option to preserve.

11. Local authority concerns about the continued effective management of a community building for public benefit are real and are shared by Community Matters. We have developed operating standards for community centre organisations (our VISIBLE Communities™ standards) which are designed to ensure both quality management and adherence to a broad mission. The standards could become part of a formal management agreement with the community organisation (with their agreement).

12. Other concerns expressed by some of our members include:

12.1 Concern about taking on a liability (eg buildings in a poor state of repair or not DDA compliant)

12.2 Loss of relationship with the local authority

12.3 Lack of a joined-up approach between council departments for example where two buildings forming part of the same community centre are owned by different departments with different policies on asset management. Another example is where there is no link between the asset management policy (eg letting buildings to some community organisations) and the grants/procurement policy (awarded to a different set of organisations).

12.4 Loss of control of a building by trustees local to that neighbourhood through different ownership models.

12.5 The importance of charitable status as a credibility and regulatory factor.

12.6 That transfer of assets is only the beginning of the story (or the middle in some cases) and that community development (community capacity building) is an essential ongoing requirement.

12.7 Loss of local authority rates relief and/or administration grants