Event report

THE ASSET CHALLENGE

Using property and asset development to strengthen voluntary organisations

17.04.2012

HOSTED BY

Buzzacott
CHARTERED ACCOUNTANTS

VENUE

Buzzacott LLP
130 Wood Street
London
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Gaynor Humphreys, Director of London Funders and chair of this meeting, and Stephen Hart, Head of Grantmaking Services at Buzzacott LLP, warmly welcomed delegates to this event. Gaynor thanked Buzzacott for generous hosting.

She outlined a previous London Funders meeting on using assets and property to support VCS sustainability: this had been a useful discussion (see the report here) and many participants had suggested there would be value in one or more further events on the topic. This meeting would update participants on the area of asset transfer and draw on two case studies, one from a voluntary organisation developing a building and one from a local authority provider perspective. Gaynor hoped to allow time for discussion on the usefulness of this group becoming a short term project group, continuing to meet occasionally under London funders' auspices.

As well as London Funders' Secretariat there were 22 participants at the event, of whom 13 were from London boroughs while the rest were other funders interested in grantmaking or lending to support property development for social, cultural or heritage purposes.

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THE ASSET CHALLENGE

Stephen Rolph of Locality's Asset Transfer Unit asked participants as funders and owners of property to recognise and minimise the risks involved in transferring assets to a voluntary organisation. It is not uncommon for the process to require a lot of time (even years), and community groups often need replenishment of volunteers (burn out not an infrequent experience for people involved in asset-based projects) as well as the challenges of obtaining affordable finance at the right time and maintaining management capacity. "You can't spend too much time planning", was Stephen's advice.

He was keen to point out the potential of community asset transfer to empower organisations, provide skills and foster enterprise, better local services and job creation. Locality's own research has found that the unrestricted earned income of organisations with an asset is up to three times higher than those without a long term stake in a property. However asset based development is not risk free. Stephen cited a national survey, conducted by the Institute for Voluntary Action Research for the Joseph Rowntree Foundation (2011) which identifies **three broad types involved in asset transfer: stewards, community developers and entrepreneurs**. The research identified that challenges differ for each type and the success factors include leadership, governance and financial and business planning. Stephen also raised points about the dynamics within local government associated with activity in this field:

What are the issues and drivers for local authorities?	
Positive/proactive drivers	Defensive/reactive drivers
Response to legislation and guidance	More efficient/effective use of assets
Focus for neighbourhood-based service provision	Capital receipts
Opportunities for new funding/partnerships	Reduce liabilities

Stephen gave an overview of findings from the Asset Transfer Unit's multi-year evaluation of asset transfer, the latest results of which were based on 84 local authority respondents. Of those, 74% confirmed that they were still undertaking community asset transfers. 57% had a community asset transfer strategy and a further 14% were "looking to do so", so there was still more to be done to mainstream the agenda in local government. He also noted that as well as demanding resources, asset development demands **new skills** of those involved in local authorities as well community groups. Further respondents suggested that success is largely dependent on **adequate and early communication** between local authorities and the VCS.

Funders' Q and A

There were lots of questions from the audience for Stephen:
- Audience members were keen to understand why hub projects in many parts of London had come to a halt. Stephen believed this was due to a lack of resources though a couple of borough comments were on the **lacklustre appetite for sharing resources** amongst the sector even though this could provide a helpful route towards sustainability. There would be value in sharing successful examples of pooled resources or centralised services.
- Stephen was asked to disentangle information on the Community Right to Bid/Buy/Challenge? He explained that the Right to Buy is now the Right to Bid, which relates to the assets of community value. The Community Right to Challenge concerned the provision of public services.
-One participant commented on how useful **the Compact had been as a negotiating tool** between the local authority and the VCS, and how it could be used to challenge those parties unwilling to share or collaborate.
Why has the VCS appetite apparently changed about taking on new premises? Participants agreed there were many factors in the current environment that led to this, e.g. more insecurity over funding in general; and the difficulty of obtaining unsecured loans if only short leases were available.
-One funder commented on the challenges they face as a lender in offering organisations a long-lease. She suggested that whilst unsecured loans are not as desirable, organisations should still be encouraged to approach funders who may well be willing to negotiate a way of working. An example was offered of a charity recently buying a council-owned property and raising unrestricted income by letting some of its space to other charities. There was some comparing of notes of thresholds for unsecured loans – up to £100,000 some funders were comfortable with ten-year leases. For larger loans a longer lease could sometimes be negotiated with a borough if funding was known to be contingent on it. One borough talked about granting an automatic right to renew the lease, which could achieve the same purpose.
-Stephen made the point that **few local authorities publish a clear and transparent asset development strategy** and that straightforward communication with the VCS from the very beginning is vital. Boroughs at this table shared information on whether they had a premises strategy; asset management plans; asset transfer policy and strategy.

Stephen suggested that there were hallmarks of good practice which boroughs could share. Encouraging good **communications** with the VCS was fundamental and allowed for flexibility to cope with different types of property and capacity of voluntary and community organisations since one comprehensive policy could not cover all situations.

"BCA will lead the heritage and cultural sectors and the general public towards a greater understanding and enjoyment of Black heritage"

CASE STUDY: BLACK CULTURAL ARCHIVES, LONDON BOROUGH OF LAMBETH

Paul Reid, Director, Black Cultural Archives (BCA), opened his presentation with an outline of the BCA, which was established in 1981 to fill the gap in the educational curriculum and the heritage sector on the contribution of Black people to British society. They have been amassing records and artefacts (and further promises of collections) but the core task has been to acquire a building and the skills-set to operate it. Paul described a hugely challenging process by which the plans and ideas matured, vital allies were found and the skills needed to move from a highly motivated community-based group to one which could build and manage a complex building including heritage assets, educational facilities, professional catering and more. The building development and funding plans alone were a huge challenge and Paul's description of the process which has got them, through a series of short term initiatives and stages to acquiring a superbly sited building which will be augmented by new-build. The initial need for a building led to a sophisticated asset development strategy to satisfy community, cultural and heritage aims along with sustainability planning. On this journey, the group has become professional and resilient in its management and governance – an inspiring example.

"The longer the lease, the more security a funder will look for"

The building involved, Raleigh Hall, in the centre of Brixton, will include exhibition space, a café, learning and reading rooms and a community meeting space; all crucial to generating funds once the archives are open to the public next year. Paul described three core phases of the project: community engagement and consultation, professionalisation of the organisation (including developing relationship with collectors in the heritage sector) and fundraising for a £6.5 million project. Paul explained that the main grant comes from the Heritage Lottery Fund which required match funding, found from the London Development Agency and Lambeth Council. Lambeth has gifted the building to BCA on a 99 year lease at a peppercorn rent.

"Funders must recognise that in asset transfer you are investing in both an organisation and a building"

Paul articulated the demand which asset transfer places on funders to support organisations and cited BCA's project as one of investment in both the organisation and the building. Paul also stressed the **time**, **capacity** and **will** of all those involved to making a success of asset development.

Funders' Q and A

-Funders were keen to hear about the financial arrangements behind the project. Paul explained that they are currently finalising the lease arrangements and that money currently raised is capital and revenue. Clear year on year fundraising targets have been set to ensure delivery of the mix of services needed to run the project well as an archive, attract visitors and users and earn income form ancillary activity.
-Paul stressed that developing a business plan had marked a key shift in the way in which the organisation thinks: they did not set out to sell services or develop sponsorship but have had to develop the necessary skills. Audience members reflected that this in turn presents challenges for funders, who are tasked with understanding and evaluating business plans.
-there was also discussion of how asset-locked vehicles work, to ensure the perpetuity of public and community resources.

CASE STUDY: THE RIPPLE CENTRE, LONDON BOROUGH OF BARKING AND DAGENHAM

Ray Descombes, London Borough of Barking and Dagenham gave an overview of his Council's asset transfer strategy, which has seen the successful completion of the Ripple Centre; a multi-purpose community hub. It grew from LB Barking and Dagenham reviewing the use of its premises by community centres (on which they consulted the Development Trust Association, now Locality, and Community Matters) in trying to develop best practice within a borough noted for stable support of its VCS but with no initial appetite for community asset transfer. The borough's Community Development Team sought to improve the quality of premises available and the scope to use asset development to allow the VCS to blossom.

The Ripple Centre is a three story building offering office accommodation, seminar rooms for communities which are designed for partnership with the VCS. In deciding how to make the building work, it was decided that a café would not be introduced, following the failure of several community cafés in the area. The project is funded by £1 million from the London Development Agency, £1 million from Big Lottery Fund's Community Asset Fund and the rest from the Council. Funders have opted for a monitoring process of joint reporting from the local authority and the CVS which is the lead body managing the building. The borough has done condition surveys of all tis properties and aimed to rationalise the number used by the VCS, partly to improve the quality of what is available to them and partly to allow the borough to dispose of some surplus property.

Funders' Q and A

In answering questions from the audience, Ray stressed the cultural change demanded of local authorities in undertaking asset development transfers. Eight community centres were involved in the Barking and Dagenham project and the council developed a forum to offer support to community organisations. They are now doing a review of premises used by faith groups and hoping so see some sharing of facilities.

FUNDERS DISCUSSION

Gaynor opened up the second half of the meeting for wider discussion on funders' experience of asset development:

-Other public sector property: a question was asked about experience of boroughs mapping other agencies' portfolios, e.g. health or Police. Barnet has mapped all public sector property and that of Middlesex University which has led to a strategic partnership. One borough cited challenges when trying to discuss asset development with health partners in the area. The CLG Capital and Assets Pathfinder pilot programme (of which Hackney is the London pilot) was proving useful. Link http://www.communities.gov.uk/localgovernment/decentralisation/capitalassets/.
-In Hackney, the council has mapped community buildings and found both patchier provision than they expected and many problems over accessibility.
-Tower Hamlets, as part of refreshing its VCS strategy, is identifying council-owned properties, community halls and the premises of registered social landlords. They are mapping where these are in relation to community groups as well as re-evaluating what the Council itself needs to deliver its services.
-In Southwark a mapping exercise of property, based in use of mandatory and discretionary rate relief revealed over 2, 000 buildings used by community organisations. There are several examples in Southwark of new provision which is aiming to make the VCS more efficient in its use of space. A new building for Thames Reach near Southwark Town Hall will include

> "Funders need to get out and visit properties and voluntary organisations"

community space and Cambridge House, a settlement in Camberwell, after its radical building refurbishment is offering desks plus a share of all key services to voluntary organisations interested in relocating to save money and perhaps operate more collaboratively. This shared the Council's vision of a "lattice" of provision which would make better use of resources and while take-up was slow to start with it seems to be picking up well.
-One borough has the ambition of seeing VCS culture change so that sharing buildings and sharing services becomes the norm, but is unsure how to go about this. Colleagues shared experience of painstaking brokering of relationships as well as improved council practice in, for example, setting up service level agreements where council property is occupied so that impact can be measured. Long leases, while helpful for voluntary organisations in their business planning could perversely operate as a disincentive to change. Paul, from his BCA experience, noted how much help groups can need in shifting to a mind set in which collaboration can be seen as a route to improved sustainability.
-the area of community buildings management raised useful points. Big Lottery Fund gained experience from MyPlace funding about the need to be critical and encourage change in the use and running of buildings. BIG has funding now for community buildings but take up is relatively low and encouraged Councils and other funders advising groups on where to look for funding for premises to look at the various strands of Reaching Communities.
-Heritage Lottery fund is also experienced in this area: they need to see good lease arrangements before they can confirm funding. Their publication, Pillars of the Community: the transfer of local authority heritage assets, is recommended for guidance. They are soon to publish a new strategic framework (June): it takes account of their experience that a lack of start-up finance and poor governance can be the main obstacles for successful applications. This also triggeredcomments on the need for boroughs to make effective links between commissioners of services and their officers involved in property.
-Participants also discussed what else funders can do to support the VCS. Comments included support with early-stage planning, including assessing whether a building is fit for purpose, helping assess what every element of space can deliver, considering what will happen to users during building work.
-Funders urged those less versed in asset development to visit properties and organisations and hear the first-hand experience.

"Rationalising community assets is not just about money, we must not forget the social return of our community spaces"

In drawing the meeting to a close, Gaynor thanked the speakers for valuable insights and all participants for their contributions. There was a warm reception of the idea of continuing to meet to discuss property and asset development. Among the areas noted for further exploration were:

- Finding or developing case studies of successful asset transfer and property development
- Listing the resources to which groups could be pointed for borrowing, start-up finance, feasibility work, etc. Hearing from independent funders – lenders and grantmakers
- Sharing borough practice – over mapping; rent and rates policies; lease arrangements; encouragement of VCS collaboration; policies and strategies more generally and sharing information about borough experience; use of section 123 (Local Government Act 1972)
- Hearing from other useful information and support services which could either be a resource for funders or for direct referral to VCS groups.

London Funders would be back in touch with participants to plan this.

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