## LAND REFORM REVIEW GROUP : CALL FOR EVIDENCE

### Evidence from the Big Lottery Fund

*Introduction*

The Big Lottery Fund (BIG) welcomes the opportunity to submit evidence to assist the work of the Land Reform Review Group (LRRG).

BIG is responsible for distributing about half of the money raised for good causes by the National Lottery. We are committed to bringing real improvements to communities and to the lives of people most in need so every year we give out millions of pounds to community groups and to projects that improve health, education and the environment.

BIG has been an enthusiastic supporter of the community ownership of land and other assets for over 11 years now and over that time we have provided communities with more than £65 million to help them acquire and/or develop a wide range of assets that are important to them. However, although the programme we used to make our first intervention in this area – the Scottish Land Fund - was designed to complement the community right to buy provisions in the Land Reform (Scotland) Act 2003, only six of the projects we have funded to date were from applicants whose right to buy was approved by Scottish Ministers.

The reason why the community right to buy legislation has not been a more prominent feature of the projects we have supported is that having Ministerial approval has never been a prerequisite for receiving funding from BIG. As the foregoing figures indicate, we have been happy to support projects which have received Ministerial approval to buy land and assets, but by far the largest majority of the projects we have funded have not found it necessary to make use of this legislative process. We have no plans to change this approach.

Nevertheless, our experience of community projects that have made use of the right to buy provisions has led our staff to identify one specific aspect of the process which they suspect applicants might find especially problematic. This problem is explained later in this evidence.

There may, of course, be other reasons why more applicants to our programmes have not made use of the community right to buy legislation and these may be reported to you by other respondents to your Call for Evidence.

We have been, and continue to be, happy to see our funding used as match funding or as a contribution to a larger asset acquisition/development project.

The independent evaluations of the programmes we have used to support the community ownership of assets show the difference the projects we have funded are having ‘on the ground’, in their communities. The evaluations have convinced us that asset ownership is an extremely potent and powerful vehicle for making communities stronger, more resilient, independent and forward looking. That is why we continue to provide substantial funding for this important purpose.

Along with the Scottish Government, we are firm believers in, and supporters of, the vision of many more communities throughout Scotland owning and managing assets that are important to them and their sustainability. This being the case, our evidence contains no alternative vision for doing things differently. Rather, a good part of our evidence will explain more fully our involvement in trying to deliver this vision over the past 11 years, as well as the pertinent lessons and learning we have obtained from our involvement which we consider the LRRG should be aware of in carrying out its review.

As requested, we have structured our evidence around the three strands of the Review Group's remit and therefore we have set out our lessons and learning under the first two strands. However, we do also want to draw the Group's attention to a small number of barriers that we would like to see being addressed so that our vision for wider community ownership might be more easily achieved. We deal with these issues under the third strand of the remit.

Many of the points made in our evidence were also included in our recent response to the Scottish Government's consultation on the Community Empowerment and Renewal Bill. A copy of our response to this consultation is therefore also attached for your attention.

**Remit 1 : Enable more people in rural and urban Scotland to have a stake in the ownership, governance, management and use of land, which will lead to a greater diversity of land ownership, and ownership types, in Scotland.**

*Background*

BIG has been enabling communities in both rural and urban Scotland to acquire, manage and develop all sorts of assets that matter to them – not just land and land assets – for over 11 years.

Initially, with our establishment with lottery funding in 2001 of the Scottish Land Fund (SLF), our interest extended purely to supporting rural communities to acquire land and land assets. However, learning from our experience of the Land Fund, when we launched our Growing Community Assets (GCA) investment area in 2006, we extended our support not only to urban areas too, but to all sorts of assets (not just physical ones) that would help with the sustainability of these communities.

*The original Scottish Land Fund*

As indicated above, the SLF was established with £10 million of lottery funding in 2001 to support communities with a population of 10,000 or less to acquire, manage and develop rural land. The SLF, which was designed to complement the community right to buy provisions in the Land Reform (Scotland) Act 2003, aimed to:

- Improve opportunities and reduce disadvantage for both individuals and communities in rural Scotland
- Encourage community involvement and participation in land ownership and management
- Enhance the environmental diversity and quality of rural Scotland
- Facilitate positive use of the community right-to-buy provisions in the 2003 Act
- Diversify the pattern of land ownership in rural Scotland.

BIG delivered the SLF in partnership with Highlands and Islands Enterprise (HIE), who were awarded this role after winning a competitive tendering exercise.

The early success of the programme persuaded BIG to make a further £5 million available to the Fund in 2003. By the time the programme closed in July 2006, the SLF had made 239 grants, worth a total of nearly £14 million, to 188 community groups throughout rural Scotland. 78 of the projects funded involved the acquisition of land and 39 of these involved the acquisition of land measuring one hectare or less. Overall, therefore, the SLF brought 65,000 hectares of land into community ownership and while this equates to only about 0.8 per cent of the total land area of Scotland, it will be appreciated that a £15 million grant programme can only go so far in affecting wider patterns of land ownership.

Nevertheless, the SLF was independently evaluated and the findings from this evaluation, published as Big Lottery Fund Research Issue 34 (www.biglotteryfund.org.uk/er_eval_slf_findings-2.pdf), stated that the Fund had successfully supported a wide range of projects that had worked creatively and enthusiastically to take ownership of local land and assets. The evaluation found that the programme had successfully pioneered the community land ownership model on a wide scale across rural Scotland, allowing communities to take charge of and develop assets from which they would benefit for many years to come.

Somewhat unusually, especially given that the SLF had been set up to complement the community right to buy provisions in the Land Reform (Scotland) Act 2003, the evaluators found that the Act had not had a significant effect on the number of applications submitted to the SLF. (In fact 98 awards totalling £7.52 million had already been made from the SLF by the time the Act came into being in 2003.) Nevertheless, the evaluation stated that the Fund had undoubtedly been a critical part of the wider process of land reform in rural Scotland. The evaluators found that with few exceptions, the community purchases would not have been able to take place without its support. However, another overwhelming message from the evaluation was that the SLF projects were long term commitments and that buying the asset was only the first stage of this commitment. Many projects remarked that the transfer of ownership was '*just the beginning of the process*' rather than an end in itself. The evaluation cautioned that community ownership might not be suitable in all circumstances and that it was important for communities to recognise the importance of facing up to challenges and maintaining local commitment.

*Growing Community Assets 1*

In 2006, we built on our experience and the success of the Land Fund by launching a new ‘investment area’ called ‘Growing Community Assets’ (GCA).

Having seen the transformational effects the SLF was having across rural Scotland, GCA extended the benefits of asset-based community development, as exemplified by Land Fund projects, to urban Scotland too. Moreover, not all of the acquisitions funded by the SLF had solely involved the acquisition of land. 32% of the acquisitions funded involved a variety of buildings and premises, and 8% were for a mix of land and buildings. Taking this as proof that communities were interested not simply in owning land, GCA aimed to enable communities to become stronger by acquiring a wide range of assets – not just physical assets like land and buildings. These assets could then be used to provide quality services and amenities which would, in turn, generate income streams, thereby making the asset viable and sustainable in the long term – financially, socially and environmentally. We also suspected that other types of asset, as well as land, might be of more interest and relevance to urban communities.

GCA was designed to achieve the following five outcomes:

- Communities are more able to grasp opportunities, are more enterprising and self-reliant.
- Communities are stronger, with shared aspirations and the ability to achieve these together.
- Communities have services and amenities that meet people’s needs better and are more accessible.
- People have more skills, knowledge and confidence, and opportunities to use these for the benefit of their community.
- Communities have a more positive impact on the local and global environment.

Our experience of the SLF had made us appreciate the importance of providing applicant communities with project development and support. We therefore contracted a broad consortium, headed by Highlands and Islands Enterprise (HIE), to provide applicants with a variety of specialist support in such areas as property law, capital works, business and financial planning, renewable energy and biodiversity. Through a separate funding stream called ‘Investing in Ideas’, we offered applicants small grants of up to £10,000 to help them explore and develop ideas for projects. And GCA supported groups by providing them with technical assistance grants of up to £200,000 to enable them to carry out detailed project planning.

Although GCA did not share the SLF outcome of 'diversifying the pattern of land ownership in rural Scotland', nevertheless this diversification process continued under the new investment area. Eight projects were funded to a total of £5 million purely to acquire land. This included a grant of £2.25 million towards the purchase of the South Uist Estate, our biggest ever award for a community land acquisition.

In addition, GCA funded a further 26 projects worth a total of £9 million which involved the development of significant land assets, many of which had been acquired with funding from the SLF, including projects in Assynt, Gigha, Knoydart and North Harris. In all of these places, and in many others, GCA fulfilled an important function by helping communities who already owned land or buildings to develop them into valuable assets which would serve their community owners well into the future.

It also reinforced the message that, as reported earlier, had emerged from the evaluation of the SLF, namely, that the acquisition of an asset like land was just the beginning of a process rather than an end in itself. GCA is being independently evaluated by the same company that evaluated the SLF before it and the Assynt Foundation told the GCA evaluators:

> *"When communities consider buying an asset such as land, it's vital to understand exactly what that asset consists of. You need to carefully identify what it is that you're taking on and look 20 years ahead. You need to take very good advice and avoid 'kneejerk' purchases. It's not enough just to want to buy a beautiful bit of landscape : this in itself is not an asset. Your asset must provide the means for generating income otherwise it can be a liability. For example, the Knoydart estate wasn't just a lovely landscape when it was bought by the community : the forest project and the hydro scheme had already been established at that point, so the community inherited real assets with the land buyout. In order to develop the land sympathetically – to the land itself and to the community – you need an income. It's the income that creates community empowerment, not just ownership in itself".*

Important observations like this from Assynt, as well as others the evaluators obtained from other land purchase projects they visited, confirmed for them that buying the land is just the first step : what to do with it thereafter, and how to fund future development, is the real challenge. Thus, it was the potential revenue to be earned from renewable energy schemes that attracted many communities to apply for GCA funding to develop these sorts of projects.

And while GCA did not set out explicitly to diversify the pattern of land ownership throughout Scotland, it certainly ended up supporting a truly diverse spread of community assets, ranging from the last traditional hand-operated turntable ferry in Scotland in Skye, through the expected community 'hub type' facilities, and on to community shops, petrol stations and transport schemes, community social enterprises and community renewable energy projects. For the purposes of their evaluation of GCA, the evaluators have developed a typology of projects based on what they consider the main purposes of the projects to be (though they do admit that some projects could fall into more than one of these categories). Their typology divides projects into the following six categories:

community facilities; social enterprises; energy projects; environment projects; land purchase; and tourism. Thus, what the huge diversity of projects funded under GCA proves is that communities are interested in not only acquiring land, but also in owning all kinds of assets and the opportunity these provide to sustain and build communities.

By the time final awards had been made from the first round of GCA in April 2010, a total of £48.2 million had been given via 127 awards to projects located in 25 separate local authority areas.

*Growing Community Assets 2*

We launched the second round of GCA – GCA2 - on 30 June 2010 with a much greater focus on the long term viability of assets and how projects address need. With this in mind, we reduced the number of outcomes that we want the investment area to achieve to:

- Communities work together to own and develop local assets.
- Communities are sustainable and improve their economic, environmental and social future through the ownership and development of local assets.
- Communities develop skills and knowledge through the ownership and development of local assets.
- Communities overcome disadvantage and inequality through the ownership and development of local assets.

The evaluation of the first round of the investment area confirmed how much applicants needed support to help them put together large scale and complicated capital projects. We have therefore earmarked £250,000 specifically to provide Investing in Ideas awards to potential GCA applicants. We have also put contractual support in place to help applicants and grantholders with self evaluation, financial and business support, and with renewable energy projects. Indeed, unless they refuse assistance, all applicants who make it through to stage two of the GCA application process are automatically referred on to our business support contractors. In addition to all of this, applicants can also apply for up to £50,000 (and sometimes more) in development funding. This is intended to help meet the costs of, for example, options appraisals, feasibility studies, site investigations, design development, statutory consents, business plans, professional and legal fees, market research and capacity building.

After supporting community asset acquisition and development for over 11 years, our own staff have inevitably amassed considerable knowledge and experience in this area and therefore they too can provide applicants and grantholders with lots of useful and valuable advice and assistance. We also employ two members of staff who can help applicants and grantholders with advice and support on a wide range of building and technical matters.

After a slow start (which can be expected when the applications are for complicated, relatively large scale capital projects) the application rate to GCA2 has gathered pace and, at the time of writing, 29 community groups across 12 local authority areas are working up stage two applications with a potential total award value of around £19.3 million. (Once again most of these applications come from Eilean Siar and Glasgow, closely followed by Argyll and Bute.) And this is in addition to the £5 million already awarded to seven projects in six different local authority areas.

*The new Scottish Land Fund*

BIG is delighted to again be working with HIE to deliver, for the Scottish Government, a new SLF aimed at supporting rural communities to become more resilient and sustainable through the ownership and management of land and land assets. This time it is the Scottish Government that is making £6 million available for the Fund between 2012 and 2015.

Applicants to the new Land Fund are expected to demonstrate that their project will contribute to the following outcome:

- *Rural communities achieve increased sustainable economic, social and environmental development through the experience of acquiring, owning and managing land and land assets*

and at least one of the following three outcomes:

- *Rural communities are more empowered and have a greater capacity to lead and control their own development so that they can generate sustainable income.*
- *People in rural communities have increased opportunities to participate effectively in community-led development, including volunteering.*
- *Rural communities are more resilient through the development and provision of community-led essential local services.*

At the inaugural meeting of the Scottish Land Fund Committee held on 20 December 2012, the first award of £311,500 was made from the new SLF to Colintraive and Glendaruel Trust to enable them to acquire Stronafian Forest.

**Remit 2 : Assist with the acquisition and management of land (and also land assets) by communities, to make stronger, more resilient and independent communities which have an even greater stake in their development.**

*Background*

As indicated previously, both the original SLF and GCA1 have been independently evaluated. (Indeed, the five year evaluation of GCA1 is in its last year with the final report due in the spring of 2013.)

The evaluations of the SLF and GCA1 have both been carried out by the same evaluators, SQW Ltd., and both evaluations illustrate how the acquisition and management of land and other assets by communities have made them stronger, more resilient and independent, with a stronger stake in their future development.

*Scottish Land Fund evaluation*

As well as confirming the success of the various projects supported, the evaluation of the SLF also highlighted some of the wider social, economic and environmental benefits that its funding had produced. For example, the social benefits included the development by those most directly engaged in projects of specific and transferable skills, and the provision of facilities and activities that allowed people to meet and spend time together, strengthening bonds between community members and across generations. One of the economic benefits identified was that projects were stemming depopulation and economic decline in their communities by creating environments that attracted and retained people who were economically active. And amongst the environmental benefits attributed to the programme was the fact that many projects incorporated environmental improvements in the development of their land or property, using approaches and materials in an environmentally sensitive way. More generally, the evaluators found that projects led by communities seemed to have a real enthusiasm for prioritising environmental considerations. Ownership seemed to encourage a greater sense of stewardship.

Other main findings from the SLF evaluation included:

- That the programme had also helped to improve communities' quality of life, and
- That the community ownership approach had directly promoted local interaction and networks. However, maintaining high levels of community involvement was likely to be a challenge for projects over time.

*Growing Community Assets evaluation*

With more GCA1 projects becoming fully operational all the time, and user surveys and case studies generating more information each year, the evaluation of the investment area is gradually compiling a clearer, positive and encouraging picture of the impact it is having. The latest report received in May 2012 – the Year 4 report (www.biglotteryfund.org.uk/er_gca_**summary**1.pdf) – contains much more up to date information and findings than those from earlier years, including those cited in the *'Overview of Evidence on Land Reform In Scotland'*, published by the Scottish Government's Rural Analytical Unit to accompany this review.

The Year 4 report indicates that GCA1 is making a big difference to the quality of life of project users and of communities as a whole, especially by bringing communities together. The evidence of this is more obvious in rural areas where projects are relatively more important to residents than those in urban areas. Rural projects also tend to have a broader scope. So, like its predecessor the SLF, GCA is encouraging people to become much more involved in their communities. The evaluators have also found that GCA is increasing the ambition and confidence of some communities to take on other activities.

The Year 4 report relates how progress on achieving the five outcomes set for GCA1 is coming along and it is the extent of this progress that perhaps illustrates best how the community ownership supported by the investment area is helping the communities involved to become stronger, more resilient, independent and committed to improving their own future.

Measures of the progress made are summarised (in figures where appropriate) on page 4 of the Year 4 evaluation update, so they are not reproduced in full here. However, some of the highlights include that:

- A core group of around 32,000 people are regularly using GCA-funded services and facilities across Scotland;

- The range of activities offered by projects, together with the quality of the facilities where they are delivered, have made a real difference to many users. 66% of users did not previously have access to similar services locally and 85% of users claim that GCA-funded facilities are 'much better' than any alternatives available.

- 559 people are involved in project managing 58 operational GCA projects. A further 320 people are involved in managing those still to become fully operational. 1,264 regular volunteers are involved across the 58 operational projects.

- 21 projects have directly provided 890 community members with a wide variety of training. GCA projects also offer formal and informal training to project directors and volunteers.

- 'Social contacts' and 'making new friends' are the most frequently mentioned benefits of GCA projects.

- GCA projects have created or safeguarded 269 full-time and 206 part-time jobs.

- 93 businesses have been accommodated and 17 new businesses have started in GCA projects.

- While some GCA projects generate income to become financially self-sustaining (such as those that offer 'community facilities'), others (such as pure land purchases and renewable energy projects) aim to do so on a sufficiently large scale to help the community as a whole achieve this same goal.

The Year 4 report also identifies the benefits and challenges of community asset ownership, as well as the factors that contribute to a successful community ownership project. The benefits and challenges are set out on page 5 of the evaluation update, so once again, what follows here is a brief summary of both:

- Benefits

    - Communities do not have to wait for others to help them : community ownership means they can help themselves, providing tailored responses and services to meet community needs and demands as they arise and change.

    - People are more likely to get involved in community projects than those run by public sector organisations.

    - Ownership of an asset increases the credibility of community groups and their own belief in what they can achieve. They are taken more seriously by others.

    - Ownership gives communities more choice about what they want to do next to build on their achievements.

    - Ownership increases a community's sense of sustainability and reduces their vulnerability since no 'outside influences or landlords' can control their future.

- Challenges

    - As projects mature from the development phase into the operational, they often struggle with the transition to more formal and professional structures.

    - Securing and maintaining the engagement of the local community is a continuing challenge for many projects.

    - Finding 'new blood' to keep project boards supplied with members can be a particular challenge. (Although users surveys show that an average of 94% of GCA project users feel community ownership of the asset is 'a good thing', only 12% of them are interested in being more involved in running the asset and participating in decision-making.)

- Some GCA projects are located in urban areas with high deprivations areas. Community asset ownership may not resonate with large proportions of the population in these areas and this can make progress difficult (although for those people who do engage, the benefits are strongly felt).
- In rural areas, project staff who are new to the area can sometimes find it difficult to gain the trust of local people. However, it is often these 'incomers', who have re-located to rural areas on retirement, who have the time and professional experience that community projects need.
- The ability to generate a sustainable income is crucial not only to the success of a project, but also to the extent of community empowerment it affords the owners of the asset.

*A problem with the right to buy legislation*

It was explained in the introduction at the start of this evidence that BIG staff had identified a potentially serious problem facing applicants wishing to make use of the community right to buy legislation. In their opinion, this problem is caused by applicants only being given six months from the date on which they confirm to Ministers that they wish to proceed with the right to buy to conclude missives with the seller. Our staff feel that this is an inadequate period of time to enable what will probably be mainly voluntary groups to conclude the demanding and time-consuming activities and processes they need to undertake, almost certainly in their own time. For comparison purposes, you may be interested to learn that applicants who make it through the first stage of the GCA application process are given up to 12 months to submit their stage two application.

The short timescale given to communities using the right to buy legislation to find funding can have a knock-on effect on BIG if they come to us for support. Normally we try to give ourselves up to four months to assess a stage two application to GCA (which, it must be remembered, can be for up to £1 million and, in exceptional cases, sometimes more). However, in the case of the Seton Fields right to buy application in East Lothian, which was approved by Ministers on 23 March 2012, we completed both the stage one and two assessments in just over two weeks. Similarly, our first assessment of an application to the new SLF was also carried out in just over two weeks so that the applicants could meet their right to buy funding deadline. It must be stressed, however, that BIG staff were only able to expedite these assessments because the applications were from high capacity groups who provided extremely comprehensive submissions requiring little in the way of follow up information. The accelerated assessments would not have been possible if the Funding Officers had repeatedly had to go back to the applicants for clarification and more information.

**Remit 3 : Generate, support, promote and deliver new relationships between land, people, economy and environment in Scotland.**

It is in this section of our evidence that we provide clarification on an issue raised at the Group's round table discussion in Greenock on 12 November 2012, and raise a few issues that we would like to see addressed so that our shared vision for wider community ownership might be more easily achieved.

*Heritage*

The author of this evidence participated in the round table discussion referred to above.

Some of the discussion at this event focused on the need to preserve the industrial heritage of communities, especially in an urban setting.

We should point out that while we have funded, and do fund, communities to acquire historic buildings (like the Maryhill Burgh Halls in Glasgow (www.maryhillburghhalls.org.uk) or the Birks Cinema in Aberfeldy (www.birkscinemafriends.org.uk/)) we only do so where the asset will be sustainable and fulfil a wider role in the community, helping it to improve its economic, environmental and social future. We do not support the acquisition of historic assets solely so that they can be preserved : this role is mainly assumed by the Heritage Lottery Fund (HLF). However, we are always happy to work with other funders, like the HLF, where our interests converge to build the right funding package for a project we both want to support and to ensure complementarity between different funding streams.

*Local authority support*

Most of the evidence provided to date has dealt with one of the pillars underpinning community ownership in Scotland, namely, the finance to support it. And it has briefly touched upon one of the other pillars – legislation. This section deals with the third pillar, namely, the public sector owners of assets.

In our response to the consultation on the Community Empowerment and Renewal Bill, we stressed the importance of public sector bodies being completely open, clear and transparent with communities on what their plans for their assets might be. Local communities should be involved from the earliest planning stages of any planned disposals and under no circumstances should they be presented with a *fait accompli*.

The following section concentrates on one kind of public sector asset owner – local authorities.

The evaluation of GCA has highlighted how important it is for community asset transfer projects to receive support from their local authorities. Over the period that the first SLF and GCA1 operated, quite a few local authorities and a small number of UK and Scottish Government departments and agencies have shown themselves willing to dispose of assets to communities. Many more, however, have shown – and continue to show – a reluctance to do so. One Council has described disposing of assets in this way as being akin to “selling the family silver”!

But it should not be assumed that local authorities are simply concerned about the loss of physical assets in purely financial terms : there are a range of factors that they need to take into account.

Many local authorities are concerned about relinquishing ‘control’ of an asset. Yet our evaluations report that communities consider control to be important - unfettered control over the assets they acquire so that they are free from interference from their local authorities and able to create their own future. Earlier phases of the GCA evaluation reported how projects claimed that community ownership had more benefits than other forms of asset management and offered greatest potential. Significant new developments taking place on two large land investments made by GCA had only been possible because of community ownership. And across all projects, ‘increased confidence’, ‘legacy for future generations’ and ‘autonomy’ were regularly mentioned by project managers as just some of the important benefits that community ownership brought. It allows projects to be much more responsive to local needs and provides them with the flexibility to make changes as communities themselves change. Ownership also created pride in the community and gave groups the confidence to take on other projects. Renewable energy projects, in particular, highlighted the empowerment possibilities and local control that their revenue generating activities allowed, while community social enterprises claimed that ownership permitted them to increase their operational capacity and gave them a sense of security since they no longer had to fear their landlord giving them notice to quit at short notice.

Most local authorities still appear to prefer to lease assets to communities (albeit sometimes for quite long term periods) so that they can still retain some control over what happens to the assets.

Now BIG does not claim that all assets lend themselves to community ownership, nor that all communities make good owners of assets! And, in any case, some communities will prefer to simply lease assets rather than own them outright. BIG believes that leasing has its place, just as ownership does. Indeed, under our other investment areas, we fund many organisations to operate a variety of projects out of leased properties. However, we firmly believe that in order to achieve the outcomes we have set for GCA, communities need to own assets – not lease them.

In a review of local authority policy and practice on asset transfer across Scotland undertaken by the Development Trusts Association Scotland (DTAS) in 2010 (*Public Asset Transfer – Empowering Communities : Policy and practice across Scotland*), DTAS found that some communities reported that their local authorities had not responded favourably to their expressed interest in pursuing outright ownership. And the latest anecdotal evidence from the DTAS’s Community Ownership Support Service (COSS) suggests that increasingly, when community organisations approach local authorities to acquire assets from them, the local authorities are telling the communities that they will lease the assets to them for a short initial period (say two years) ‘to see how things go’, then review the situation thereafter.

Local authorities tend to have an overriding concern about what will happen to an asset they dispose of to a community if something goes wrong and the project fails. We fully appreciate the duties and responsibilities that are incumbent on local authorities as the guardians of public assets, but we can provide reassurance to address their concerns in this regard, particularly because, in the 11 years that BIG has been supporting community asset transfer, only a handful of projects have ever actually failed (and one of those is in the process of being ‘turned around’).

Often Councils expect that, in the event of project failure, assets will revert back to their ownership. In the case of projects funded through GCA, this will not automatically be the case. Instead, in such an eventuality, BIG will work with all relevant local parties (including the local authority and other community organisations), to try to identify a way of retaining the asset, and the benefits it generates, in the community.

The current pressure on local authority finances presents many opportunities and some risks for the community ownership of assets. We are aware, through our own contacts and from our close liaison with the COSS, that a growing number of Councils are currently devising asset transfer policies. Councils will then presumably use these strategies to dispose of assets that are surplus to their requirements and many intend to use this as an opportunity to engage local communities more in the management and ownership of assets. However, local authorities, support organisations and communities all need to take care that any assets transferred are indeed assets and not liabilities.

There is no doubt that, in many cases, it is only when a local facility (particularly one in local authority ownership) is threatened with closure that the local community which is most likely to be directly affected by the closure will become sufficiently galvanised to take action to try to preserve it, possibly by taking over ownership of the facility itself. While the community’s intentions may be laudable, it must, at the same time, be recognised that the failure of the current owner to operate the facility in a viable manner could suggest that it might not actually be possible to achieve this. On the other hand, the current owner may not have made any effort to try to ensure that the services being provided in and/from the facility match local demand. This could mean that the facility is no longer ‘fit for purpose’ and able to house the sorts of activities and services the community wants. And this could have come about because the current owner was either unable or unwilling to invest in the fabric of the facility, making it an unsuitable and unattractive place from which to provide activities and services. (This will particularly be the case in relation to older, historic buildings like former town halls and churches.)

What this points up is that while it can be good for communities to try to grasp the opportunities presented by these sorts of situations, they should be guided to question very thoroughly whether they have the capability, energy and endurance to take over ownership of a facility and turn it into a viable concern, especially when others may have failed to do so. We are happy to support communities to take on viable assets, but not expensive (in all senses of the term) liabilities.

*Asset valuation*

Over the past 11 years, BIG has been fortunate enough to be able to allocate substantial amounts of lottery funding to support communities to acquire assets - £15 million in the case of the original SLF and over £50 million through GCA. Nevertheless, our budgets are finite and therefore one of the factors that determines how many projects we can support is the price communities have to pay, where appropriate, to acquire assets. Throughout the first round of GCA and, to a lesser extent, with the original SLF, the transfer valuation attached to some of the public assets that communities wished to acquire at times proved rather contentious.

The value that public bodies attach to assets they wish to dispose of will, in the first place, determine whether or not communities can afford to buy them. In the second place, the transfer value also affects how much money communities may have left, or then have to find, to develop the asset once it has been acquired.

As explained above, GCA is an open, competitive investment area with a limited budget. So that our funding can 'go as far as possible', we prefer, where possible, to see less of our funding going on the cost of acquiring the asset, and more on its future re-development. We think this will help ensure that the asset is financially sustainable in the longer term, and lead to more sustainable services and facilities for the communities we support. It must be strongly emphasised, however, that this does not mean that GCA will not fund asset acquisition : it has done so and continues to do so.

Annex A to the consultation paper on the proposed Community Empowerment and Renewal Bill (http://www.scotland.gov.uk/Resource/0039/00394524.pdf) makes it clear that central and local government have to comply with strict requirements when disposing of public sector assets at less than market value, including, in particular, with European Union competition law (or State Aid). Nevertheless, over the lifetime of GCA to date, most public bodies, including many local authorities and government departments or agencies, have found a variety of ways to transfer assets to community groups at less than market value (and sometimes at little or no cost at all) while still legitimately complying with the requisite rules and regulations. However, there is a growing danger that as public bodies in particular find themselves in increasingly financially straitened circumstances, their response may become to try to obtain full market value for any assets they dispose of, even to their own communities.

*State Aid*

The mention of 'State Aid' leads nicely onto the final issue we wish to raise at this stage of the Group's review. It is an issue that we also raised in our response to the Community Empowerment and Renewal Bill consultation. To do so, we need to revisit one of the most important points to emerge from the independent evaluations of both the SLF and GCA, and which has already been referred to throughout this evidence.

Time and again the evaluations have pointed up how important it is for community-owned assets – whatever form they take – to be sustainable, especially financially. Consequently, in order to achieve sustainability, many assets require to generate income, sometimes by carrying out very low key, small scale, limited and localised ‘trading’ in goods and services.

BIG does not believe that the State Aid regulations were put in place to stifle the small scale community ‘enterprises’ that many community asset ownership projects so badly need to help them be empowered, and to renew themselves and their local areas. We hope that the LRRG supports our interpretation of the regulations and any measures that the Group felt able to take to promote this view more widely would be extremely welcome.