PRACTICAL GOVERNANCE

Protecting Community Assets Inquiry

Summary of interim report

September 2019

protecting-community-assets.org.uk

Contents

Foreword

This inquiry came about in response to high-profile instances where assets held by local communities and which had received significant public investment fell out of community hands, such as Hastings Pier in 2017, Unity Hall Wakefield also in 2017 and the Hadlow Tower in 2015.

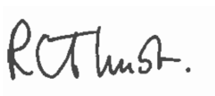
For those of us that believe in the potential of community ownership and control of assets, cases such as these were felt keenly. What could we learn from examples where community control had been lost or had got close to it? What might help preserve long-term community control? These were the questions we started with when we set out in summer 2018 and formally started work in February 2019.

This inquiry has brought together a wide range of contributors, all of whom have direct experience of managing, supporting or funding community assets. They have been willing not just to understand the challenges and opportunities but also to help shape some practical next steps. It is not, therefore a traditional inquiry or research report. It is not presented as a final or finished piece of work. Nor is it a report designed to create a lobbying position. Instead it is an interim report of what has become more akin to a taskforce, seeking to work constructively together to scope realistic solutions, and create an initial starting point for a wider conversation.

Some of the findings, recommendations and proposed ideas will be contested. Some might be considered too ambitious or carry with them unexpected negative consequences. What we hope we have done is taken things far enough to spark further debate and lead to meaningful action.

Having published this interim report, we are now actively seeking contributions to fill in the gaps in our collective knowledge and understanding, and most importantly to help take ideas forward. The plan is to continue to at least January 2020, taking feedback from what we have started here. We intend to publish a further update in the first half of 2020 with a confirmed and resourced timetable of next steps.

We are tremendously grateful to all the contributors to and funders of this work to date who have engaged with energy and in the spirit of open inquiry. Please do take the time to read it and to get in touch with your own comments, challenges, offers of support or detailed insights through our website.



Bob Thust is a Partner in Practical Governance LLP who are acting as secretariat to the inquiry.

This is a summary interim report. Download the full interim report at protecting-community-assets.org.uk

Summary

Context, Key Findings And Practical Ideas

1. Context for this inquiry

This inquiry takes place against a wider backdrop of ever-decreasing public spaces, an awareness of the impact this can have on the quality of people's lives and a widely held feeling amongst local communities that they lack a sense of ownership and control over the issues that matter to them[1]. An average of more than 4,000 publicly owned buildings and spaces in England are being sold off every year[2] with an estimated value of local authority property sales at £9.1 billion since 2014/15[3].

This in part seems to be driving more interest in community asset transfers from government, more interest from local communities in holding and managing assets and calls for greater investment. There are now an estimated **6,325 assets in community ownership**, the number is growing fast and **making a contribution to the UK economy worth £220 million** every year.

> **"This is a critical time to consider how we might protect community assets for the long-term benefit of local communities and avoid a potential 'ticking time bomb' of assets that fail to deliver on their substantial promise."**

However, we are also seeing small but increasing examples of existing **assets falling out of community hands**, alongside some **concerns over their long-term sustainability.** One in five community organisations holding assets are operating at a loss of 10% or more (equivalent to 1,300 assets), and a similar number have insufficient reserves to meet a modest unexpected expense or income shock[4].

This is a critical time to consider how we might protect community assets for the long-term benefit of local communities and avoid a potential 'ticking time bomb' of assets that fail to deliver on their substantial promise.

2. Key findings

From our findings so far it appears that **investing in prevention during transition points is critical** and cost-effective. For example, a campaign group transitioning to acquisition and renovation and then into the first 3-5 years of operations. It is at these points that the demands change significantly, requiring in each case an almost completely different set of skills, experience and resources.

We have found that having **long-term finance and support across the whole lifecycle**, built on strong relationships of trust, can be transformative. Finance providers need to ensure that the initial terms of any asset transfer or purchase are clearly understood and favourable, that there is sufficient flexibility to allow for iterations in the business plan, and that community organisations are not wrapped up in complex and sometimes conflicting conditions and reporting requirements. Many conditions meant to protect investments can have exactly the opposite effect.

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[1] Civil Society Futures: the independent inquiry – November 2018
[2] The Great British Sell Off – June 2018 published by Locality
[3] Revealed: the thousands of public spaces lost to the council funding crisis – The Bureau of Investigative Journalism – March 2019
[4] Our assets, our future: the economics, outcomes and sustainability of assets in community ownership – Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University and Institute for Voluntary Action Research (IVAR) July 2019 published by the Power to Change Research Institute

Overall, there is a sense that many community organisations feel they are 'left to their own devices' once acquisition and renovation funding has been received despite the early years of a new business being when they are most at risk.

There is also an **onus on community organisations to be realistic in their business planning,** to acknowledge the **changes in skills and experience** that might be required at each stage and **communicate openly with their community,** not just with finance providers. High levels of engagement can bring in additional resources and capacity – without it engagement and trust can erode.

> **"Our findings also demonstrate the importance of planning for when things do go wrong. This is where the loss of community interest and public benefit can be most significant particularly where a community organisation goes into administration."**

All these findings matter in preventing community assets getting into difficulty, but our findings also demonstrate the importance of planning for when things do go wrong. When this happens, we believe **our primary focus needs to be on how we can rescue the asset** and the community interest in that asset, rather than necessarily the community organisation that controls or owns it.

Where there are multiple financial and reputational interests in an asset, **co-ordinating a rescue package is both challenging and time consuming.** This makes timely and appropriate intervention which places the protection of community interest in an asset at its heart difficult to achieve. Administration can become the default way out.

A standard administration process seeks to recover the maximum return to creditors in the quickest time possible (to keep insolvency costs low). As a consequence, **communities are often frozen out of the administration process,** with communication on the process falling on the insolvency practitioner. That level of communication and engagement is costly and beyond the typical scope of their role. Such a process also does not fully consider wider public benefit including the long-term return on any original public investment, and how the process applies to organisations with a wider social purpose or community benefit.

When an asset is sold to an individual or organisation that does not represent significant community interest, on occasions an attempt is made to protect elements of public benefit and social impact by applying specific conditions to the sale. However, in practice it is **difficult to enforce measures to protect public benefit after a private sale.**

3. Practical ideas

During the inquiry we also developed some ideas to try and address key challenges:

- **Community Assets Academy:** to share evidence and learning, fill gaps in research, identify and support opportunities to enhance government policy and facilitate the creation of a small 'Community Asset Solidarity Fund' to support community assets in difficulty.

- **Principles for Funding Community Assets:** a set of principles based on latest learning and best practice, which any funder or finance provider supporting community assets can sign up to and adopt.

- **Register of Protected Community Assets:** a public register of 'community assets' with a commitment to providing and updating a Register of Community Interest in that asset.

- **Community Asset Protector:** an organisation or individual who represents the community interest in an asset and holds a restriction on the title deeds requiring that they are consulted directly in any attempt to put in place a rescue package, on sale or during administration.

- **Community Asset Rescue Fund:** to temporarily purchase community assets that are in severe financial difficulties but have the potential to become sustainable businesses – and then seek ways to protect the community interest in the asset.

- **Community Asset Administration Principles:** a set of principles and best practice guidance primarily for Insolvency Practitioners dealing with a community asset. Alongside this, to work with the Insolvency Service on a distinct process of administration for community assets which takes community and public benefit into greater consideration, drawing on precedents in other sectors.

We believe there is enough appetite to explore these ideas further as part of the ongoing inquiry. We expect to hold a series of roundtables before the end of January 2020 to digest feedback on this interim report and develop the ideas further.

Purpose, Scope & Approach

The Protecting Community Assets Inquiry is a short, defined piece of work seeking to identify practical ways to protect existing community assets in England for the long-term benefit of local communities.

The formal work of the inquiry began in February 2019. The focus has been on existing community assets in England. In carrying out this inquiry we have considered current law, policy and practice alongside an exploration of recent research. We have carried out detailed investigation into nine case studies of community assets where the interest of local communities in that asset was threatened or lost. We have also carried out interviews with more than 50 people with direct experience of managing, supporting and funding community assets, and held a number of inquiry panel meetings to help steer and inform our work.

Key definitions

Community Asset

A physical asset where there is already a significant community stake in place alongside significant and demonstrable local community participation in decision-making.

Long-term benefit of local communities

Held and preserved primarily for the benefit of the local community both now and for future generations. This might include organisations who hold assets without a statutory asset lock as long as they have a regulated purpose beyond sole profit maximisation.

For more on definitions used in this report see full interim inquiry report which you can download from the inquiry website.

During the inquiry we have focussed our findings and next steps across **three broad themes:**

Prevention

How best to structure community interest or asset ownership to prevent assets falling out of community hands or falling into financial difficulty in future.

Rescue

How, when and by whom effective support might be provided to those leading or those with an important stake in community assets which face serious threats to long-term viability.

Impact limitation

How might community interest best be represented and preserved when an asset is to be sold, or an organisation owning a community asset enters into administration.

Membership organisations including Plunkett and Locality as well as funders and academics have developed typologies to try to match support to the needs of community organisations at different stages of their development. Mindful of these, we have used the **following typology:**

Idea/Pre-venture

Where informal groups start to coalesce around a need or idea for change.

Start-up/Project Development

Where groups have a broadly viable proposal and a core team to take on the asset.

Acquisition/Renovation

Where groups need larger-scale funding to purchase and/or renovate the asset. This can take a number of years and is where organisation structures are usually developed and where work to repair and refit an asset for operation takes place.

Start-up Operations

Groups moving through the first 3-5 years post-acquisition and renovation and into start-up operations, where business plans are being tested and revised as needed.

Growth to Sustainability

Groups moving towards steady state and long-term sustainability.

Section 1
Key Findings

Introduction

A summary of the key findings are presented here across the three themes of the inquiry (Prevention, Rescue and Impact Limitation) and connected to the most relevant life-cycle stage (Idea/Pre-venture, Start-up/Project Development, Acquisition/Renovation, Start-up Operations and Growth to Sustainability). These findings and the highlighted 'points to consider' are expanded in much greater detail in the full interim inquiry report.

Most of our findings link to the transition between Start-up/Project Development to Acquisition/Renovation – and then the transition from Acquisition/Renovation to Start-up Operations. Our findings suggest that it is during these transitions when action is most critical - where there is likely to be most impact in protecting the community interest in an asset for the time and resources invested. As such many of our 'points to consider' focus on the importance of prevention at these transition points, long before there is a need for rescue or impact limitation.

However, we also believe our findings demonstrate the importance of planning for such Rescue and Impact Limitation scenarios, where the numbers of assets might be low but where the loss of community interest and public benefit can be highly significant.

“Our findings suggest that it is during the transition between stages of the life-cycle when action is most critical. As such many of our 'points to consider' focus on the importance of prevention at these transition points.

However, we also believe it is importance to plan for rescue and impact limitation scenarios, where the numbers of assets might be low but where the potential loss of community interest and public benefit can be highly significant.”

A. Prevention

How best to structure community interest or asset ownership to prevent assets falling out of community hands or falling into financial difficulty in future.

Across all life-cycle stages

1. Funding and financing of community assets

We believe that **community assets lack access to funding,** but more research is needed to determine the gap. We estimate that the maximum amount of grant funding available to fund support for community assets is £875 million.

There appears to be a heavy focus on funding for the Acquisition/Renovation stage. Whilst these are the most expensive elements of the process this focus can lead to lack of funds to support planning, business development and the ongoing sustainability of an asset. Assets which require larger scale renovation are often complex projects requiring multiple funding sources at different times, with different and sometimes conflicting conditions and reporting requirements across the project life-cycle. These limit the flexibility to respond to changing circumstances. So **long-term funding and meaningful funder relationships that span the lifecycle of a project** can make a significant difference.

Every asset and project also has its own unique set of circumstances and stakeholder relationships. Often however guidance, support and advice that is offered or available is too generic, when **communities need advice tailored to their specific needs.**

Overall, there is a sense that many **community organisations feel they are 'left to their own devices'** once the Acquisition/Renovation funding has been received despite the first 3-5 years of a new business during Start-up Operations being when they are most at risk and could most benefit from an ongoing, supportive and flexible relationship with funders.

Points to consider:

Funders and finance providers

- Increasing the level of funding and low-cost finance available to support community assets, particularly funding for supporting planning, business development and ongoing sustainability of an asset.
- Designing and resourcing a long-term relationship with community organisations that extends beyond the Acquisition/Renovation stage and is not limited to grant or loan monitoring.
- Working with other funders and finance providers to co-ordinate monitoring, reporting and support across the whole project not just the part of the project you have funded.
- Being aware of the potential implications of complex conditions and reporting requirements across multiple funding sources, limiting any you put in place to those you deem absolutely necessary.

Community groups

- Keeping a clear log of the different conditions and reporting requirements across multiple funding sources, together with a strategy to avoid the funding mix becoming too restrictive or carrying too high a burden on management time.

- Attempting to limit the frequency and number of different reporting requirements and conditions where you have an opportunity to do so.

- Investing in building long-term relationships with funders and finance providers and encourage them to co-ordinate monitoring, reporting and support across the whole project where possible.

For Social Investment Business visiting the enterprise and meeting the senior leadership is a key part of taking an engaged approach to ongoing relationship. In doing so, SIB get under the skin of the business and assess the key metrics including governance, financial viability, appropriate action planning and evidence of sustained social impact (see full interim inquiry report for further details).

2. The external policy environment

The external policy environment can have a significant impact on financial health of a community asset, though this is often sector specific. **Co-ordinated and effective engagement in the policy process is required,** as this kind of influencing is beyond the ability of most individual organisations.

Points to consider:

Central and local government

- Further investing in understanding and mitigating the challenges facing the long-term viability of community assets in order to protect public investment in them.

- Supporting the co-ordination between stakeholders in different sectors to share learning and engage effectively with the government policy process.

Start-up/Project Development moving into **Acquisition/Renovation**

3. Terms of ownership and lease agreements

The terms of the initial ownership, lease agreement or partnership agreements for the operation and renovation of a community asset have a major impact on long-term success. But community organisations often struggle with unequal negotiating capacity and lengthy processes (often over many years). There is too little funding to support them at this stage. In addition, the emotional attachment to any community asset can put community organisations at a disadvantage, since the option of 'walking away' isn't always credible. This can lead communities to acquire assets on terms which are not fully understood, or which create tensions between partners, the community and stakeholders. They can also create unrealistic financial and operational burdens post acquisition.

Points to consider:

Funders and finance providers

- Providing small amounts of at-risk funding at greater scale at the Start-up/ Project Development moving into the Acquisition/ Renovation stages, specifically to support community groups to carry out their own due diligence and seek their own professional advice.

- Offering direct support in negotiations over ownership, lease or partnership agreements and terms at as early a stage as possible.

- Ensuring you understand and take appropriate expert advice over the terms of any ownership, lease and partnerships agreements and terms and their implications for long-term sustainability as a key part of the due diligence process.

- Testing the level of community interest and active involvement as a key part of the due diligence process.

Community groups

- The importance of financing and carrying out appropriate due diligence prior to asset acquisition, as well as seeking appropriate professional advice in negotiating any ownership, lease agreement of partnership agreements wherever possible.

- Employing an agent in negotiations who can ensure terms are well understood and take a more objective view on whether ownership, lease or partnership agreements and terms are likely to jeopardise the long-term sustainability of the asset.

Central and local government

- When transferring assets to communities consider the terms of that transfer carefully to support long-term sustainability, potentially offering transfer at discounted rates and/or resourcing community groups to carry out their own independent due diligence and seek their own independent professional advice.

> **The National Lottery Heritage Fund requires that any acquisitions do not exceed the market value of the assets, and that acquisitions should be backed up by at least one independent valuation (see full interim inquiry report for further details).**

4. Realism of, and ability to iterate the business plan and approach to renovation

Business plans need to be realistic and adapt to changing circumstances, adapting from the early vision. Plans are usually drawn up before an asset is acquired, and **there is an incentive to talk up income and downplay costs early on.** But renovation costs and timescales can be difficult to estimate, as can ongoing repair and maintenance needs. The approach to renovating and using the asset can be contested, especially if plans have to change. This becomes even more challenging when **key stakeholders put conditions and restrictions on the asset which prevent them from adapting,** for example ruling out new sources of income that are not community or charitable in nature; insisting on using specific consultants; or taking a charge on the asset that restricts the ability to secure further investment. This problem is multiplied when different sources of funding have their own unique conditions, each treating their contribution as a discrete project rather than as part of a highly interconnected whole.

Funding conditions meant to protect investments can then have exactly the opposite effect, making it less likely that the asset will be held by a sustainable community organisation in the long-term.

Points to consider:

Funders and finance providers

- Being clear that you understand that renovation plans and business models will necessarily iterate over time, and then clear about the mechanisms through which any changes to funding agreements can be agreed.
- Making long-term commitments to an asset under appropriate conditions that utilises a phased approach primarily as a means to learn and iterate proposals, rather than primarily as hurdles to overcome.
- Ensuring funding proposals include sufficient unrestricted, flexible or 'sustainability funding' wherever possible.
- For social investors, be clear on circumstances under which it may be possible to restructure finance by varying the terms of their investment in response to the needs of investees' businesses, e.g. the use of interest-only periods, repayment holidays, loan extensions or contingency funds.
- Focusing on how your funding can support the aims of the whole project over time rather than a narrow focus on the specific part you are funding.
- Checking whether taking a charge over an asset as a funding requirement will make it harder for a grantee to secure further investment.
- Limiting the requirement for matched funding or providing 'first brick' finance with a firm offer, even where constraints still remain on the ability to draw down funds until match-funding is in place.

Community groups

- Creating an expectation that the renovation plans and business model will necessarily iterate over time, making that clear to the local community and all key stakeholders most especially funders – wherever possible building in flexible working capital or contingency budgets within funding proposals.
- Doing your best to adequately test demand for services within the local community and being mindful that compromises are likely to be necessary between preserving original, historic or proposed community uses, and uses for which there is a clear demand.

5. Effective governance and leadership

There is often a need for high levels of experience and skills within the board or management committee, and often high demands on board time. This is particularly the case during the first 3-5 years after acquisition. The **time, skills and experience required change over the lifecycle of a project,** particularly when transitioning from the tart-up/Project Development to the Acquisition/Renovation stage, and then to the Start-Up Operations stage. Often funder due diligence processes only consider the skills of the board, but not the time they have available, nor how they reflect the community interest and how they seek to engage and represent them. High levels of **engagement can bring in new skills and capacity,** as well as ensuring the community interest is protected.

The **leadership team may also need additional operating capacity, particularly to support financial reporting.** Where this doesn't exist the board, funders and other key stakeholders will lack regular, clear and accurate financial information and forecasts. There may be scope to **consider a separation of the ownership and operations roles,** that is between a community organisation that ultimately owns or controls an asset, and those that operate all or part of that asset to mitigate this challenge, e.g. through outsourced services or through a trading arm. Further research is needed to consider this point.

Points to consider:

Funders and finance providers

- Extending due diligence on governance beyond a narrow focus on skills and experience to consider the time people have available, the resources they have to manage and invest in the leadership team and how well the board reflects the local community interest and seeks to engage with and represent them.
- Providing specific funding and/or access to specialist, expert support with a track record of working successfully with community-led asset projects as they make the transition between campaigning to save an asset, acquisition, renovation and operation.

Community groups

- Setting a clear expectation that different people may be required on the board and in the leadership team at different stages of the project, setting specific points in the life-cycle at which to review this e.g. with set terms for board members.
- Being clear on both skills and experience required, but also expected time commitments of board members and volunteers at every stage of the life-cycle.
- Having a very clear strategy for performance management and support from the board to the leadership team.
- Ensuring you have a sufficient experience and time within the board and leadership team to stay on top of financial management and reporting, and choosing those who provide external support in this area carefully.
- Considering whether a separation of roles between a community organisation that may ultimately own or control an asset, and those that may operate all or part of that asset e.g. through outsourced services or through a trading arm is an option.

B. Rescue

How, when and by whom effective support might be provided to those leading or those with an important stake in community assets which face serious threats to long-term viability.

Start-up Operations moving into **Growth to Sustainability**

1. Regularity and transparency of community, funder and key stakeholder engagement

Community ownership of assets often emerges out of campaigns that are participative and open, driven by the symbolic value of a building[5]. However, as community organisations reach Acquisition/Renovation, Start-up Operations and move through into Growth to Sustainability stages, **communication and participation can tail away over time, eroding trust and engagement** that reduces future support and can even create hostile relationships. The local community, as well as funders and other key stakeholders, should be kept up to date on progress, with honesty on the big questions and challenges a project is facing.

Points to consider:

Funders and finance providers

- Providing funding and/or specialist support to specifically strengthen a community organisations' ability to actively engage and communicate to key stakeholders and those with a community interest.
- Proactively engaging with the community organisation on a regular basis outside of formal grant or loan monitoring.

Community groups

- Having a clear and resourced strategy for ongoing communication and engagement with those that have a community interest as well as funders and finance providers, with honesty on both success and challenges and with openness regarding financial sustainability.

[5] Our assets, our future: the economics, outcomes and sustainability of assets in community ownership – Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University and Institute for Voluntary Action Research (IVAR) July 2019 published by the Power to Change Research Institute

2. Ability to co-ordinate timely rescue support focussed on the asset itself

It can be **challenging and time consuming to co-ordinate a rescue package where there are multiple funders** and other key stakeholders. This is made more difficult if shareholders, funders, creditors and charge-holders do not share a joint vision, or there is a lack of open communication and mutual trust. This makes timely and appropriate intervention which places the protection of community interest and asset at its heart difficult to achieve. Sometimes the board and leadership team cannot prevent the organistion from falling into serious financial difficulty, but feel unable to step away or to consider transferring the asset to an alternative organisation that could better protect the community interest. It isn't easy to **separate rescuing the asset from rescuing the organisation that owns it,** but in that case the default way out can become administration.

Points to consider:

Funders and finance providers

- Providing contingency, emergency funds or loan extensions -planning ahead for the possibility that a business managing a community asset could run into difficulty but could still be successful in the long-term if support is made available at the right times.
- Working proactively with other funders and finance providers of the asset to consider how best to support rescue collectively, with a focus on the protection of the community interest in the asset rather than the necessarily the community organisation itself.

Community groups

- Working proactively with all your funders and finance providers of your asset as a single group to consider how best to support rescue collectively, being prepared to focus on the protection of the community interest in the asset rather than your community organisation – particularly prior to making any decision to consider administration.

C. Impact Limitation

How might community interest best be represented and preserved when an asset is to be sold, or an organisation owning a community asset enters into administration.

Start-up Operations moving into **Growth to Sustainability**

1. The administration process

Community assets that get into financial difficulty can find themselves in administration. **A standard administration does not fully consider wider public benefit.** The process seeks to recover the maximum return to creditors in the quickest time possible (to keep insolvency costs low) without considering the community interest and the long-term return on any original public investment. This is compounded by the **lack of understanding across stakeholders of existing administration process for community assets.** Most boards and staff teams do not know what this entails until they are already committed, and there is an inconsistent understanding of how social purpose and community benefit apply to administration among insolvency practitioners, investors, funders and local communities. This includes some of the specialist areas of law that apply to e.g. Community Benefit Societies[6].

Worse still, **those with a community interest are 'frozen out' of administration process.** Engagement with them often falls to the insolvency practitioner, which may be the only person with legal access to the information about the people with a community interest. GDPR rules, or the cost of that level of engagement, may prevent them from active engagement. Those with a community interest may also not be aware of their rights, either to be involved in the process or to contact others in the same position.

Points to consider:

Funders and finance providers

- Understanding how community organisations keep up to date records of those with a community interest, who keeps them and under what legal restrictions. Seeking a situation in which those details could be legally shared and recorded with you on an annual basis to be contacted under certain conditions, e.g. just prior to or during an administration process.
- Providing funding and/or specialist support to enable community organisations to manage records efficiently and legally.
- Being fully aware what an administration process might entail, including different types of administration and what that may mean for those with a community interest (see the full interim inquiry report for a guide to insolvency produced as part of this work).

[6] Handbook of Co-operative and Community Benefit Society Law 2014

Community groups

- Keeping up to date records of those with a community interest and ensuring you have the legal right to share their contact details with other, trusted people or organisations under certain circumstances, e.g. just prior to or during an administration process.
- Being fully aware what an administration process might entail, including different types of administration and what that may mean for those with a community interest (see the full interim inquiry report for a guide to insolvency produced as part of this work).

Central or local government

- Creating and maintaining guidance on the administration process for community assets that consider current law, experience and best practice.
- Considering whether the administration of community assets that fall under certain conditions should be subject to a different approach.

2. Protecting public benefit when sold privately

When an asset is sold to an individual or organisation that does not represent significant community interest in the asset, on occasions an attempt is made to protect elements of public benefit and social impact by applying specific conditions to the sale. However, in practice it can be **difficult to enforce measures to protect public benefit in private sales.**

Points to consider:

Funders and finance providers

- If applying specific conditions to the sale of a community asset in order to protect public benefit and social impact, be clear how and by whom they might be enforced and help those with a community interest understand what role they might play in doing so.

Community groups

- If conditions to the sale of a community asset are made in order to protect public benefit and social impact, be clear what t hey are and if possible, how and by whom they might be enforced and what role you might be able play in doing so.

Section 2
Practical ideas

This section outlines a number of practical ideas, building on some of the most significant 'points to consider' identified in section 1. These ideas have been discussed with a wide range of contributors over the course of this inquiry. Some of them are more straightforward and might not require a long period of time to implement, some of them are much more ambitious. A quick summary of the ideas, how they respond to the key themes of the inquiry and how they interconnect is shown on the following page.

Much more detail on these ideas is set out in the full inquiry report, including what specific problems they are seeking to address, what some of the key remaining questions for the roundtables are, and a summary of the appetite there is to explore these further.

Within the limited scope and investment for this inquiry we aimed to gather sufficient insight and support to identify ideas that have genuine potential, building on what already exists. We are now actively seek contributions through our website to fill in the gaps in our collective knowledge and understanding, and most importantly identify interest or support to contribute to the ongoing development of these ideas.

We intend to carry our further work and hold a series of roundtables before the end of January 2020. We envisage three separate lines of ongoing inquiry covering the proposed ideas:

1. **Community Assets Academy** (incorporating the Community Assets Solidarity Fund), the **Principles for Funding Community Assets** and the **Community Assets Administration Principles** (incorporating the Community Asset Administration Regime)
2. **Register of Protected Community Assets** (incorporating a Register of Community Interests) and the **Community Assets Protector**
3. **Community Assets Rescue Fund**

We have identified these next steps because we believe there is enough appetite to explore these concepts further and support the ongoing inquiry. However, they are still subject to us digesting initial feedback and any offers to contribute insights, time and resources.

Key focus on Prevention — Key focus on Rescue — Key focus on Impact Limitation

Regularly reviews and updates principles

Manages sign-ups; regularly reviews and updates principles

Contributions to solidarity fund from registered assets

Results in appointment, registers shared, and consultation on any disposal

Consulted as part of any administration process

Potential referral

Principles for Funding Community Assets

A set of principles based on latest learning and best practice which any funder or finance provider supporting community assets can sign up to and adopt.

Community Assets Academy

(incorporating a Community Asset Solidarity Fund)

A group of national and large regional umbrella bodies, trade bodies, funding and finance providers, including representatives from central government to share evidence and learning across the sector, fill gaps in research, identify and support opportunities to enhance government policy and facilitate the creation of a small 'Community Asset Solidarity Fund' to support community assets in difficulty made up of contributions from community asset owners.

Register of Protected Community Assets

(incorporating a Register of Community Interest)

A managed and maintained public register of 'community assets' which builds on existing lists but focuses on existing community assets. As part of this there is a commitment to providing and updating a Register of Community Interest in that asset – essentially a list of individuals considered to hold direct community interest that might include members, shareholders, directors, contributors to crowdfunding, etc.

Community Asset Protector

A Community Asset Protector who represents the community interest in an assets and holds a restriction on the title deed of a community asset, requiring that they are consulted directly in any disposal or administration.

Community Asset Rescue Fund

A fund set up to temporarily purchase community assets that are in severe financial difficulties but have the potential to become sustainable businesses – and then seek ways to protect the community interest in the asset e.g. return assets to community control or secure a future for the asset which enables the community to continue to benefit from its use. The Fund would not have a set investment total but would be backed by the balance sheets of one or more national funders, investors or government.

Community Assets Administration Principles

(incorporating a Community Asset Administration Regime)

A set of principles and best practice guidance endorsed by government and major, national funders primarily for Insolvency Practitioners dealing with a community asset.

Alongside this, to work with the Insolvency Service on a distinct process of administration for community assets which takes community and public benefit into greater consideration, drawing on precedents in other sectors.

Roles, Funders & Contributors

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Core funders (contracts held directly with the Secretariat):

- **Power to Change Trust**
- **Historic England**
- **The Social Investment Business**
- **Department for Culture, Media & Sport**
- **The National Trust**

Case study funder (contracts held directly with case study researchers):

- **Local Trust**

For a full list of the case studies and the more than 50 interviewees that contributed to this inquiry please see the full interim inquiry report which you can download from the inquiry website.

Department for Digital, Culture, Media & Sport

power to change

Local Trust

Historic England

National Trust

Social Investment Business

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