power to change | business in community hands

Research Institute

Research summary

Our assets, our future

The economics, outcomes and sustainability of assets in community ownership

There is little debate about the social value of village halls, community shops or leisure centres owned and operated by the community. Assets like these give people a greater sense of connection to the places where they live and support them to lead fulfilling lives.

This research looks at the economic contribution made by community-owned assets, and their overall financial health. The report reveals a community ownership sector that is growing fast and making an increasingly significant contribution to the UK economy. The research finds good financial health across community-owned assets but highlights vulnerabilities and areas where support is needed to further stabilise and grow this important sector.

Key findings

Community-owned assets are:

- **a valuable part of the economy** – detailed mapping work led to an estimate of **6,325 assets** in community ownership in England[1]. These assets contribute nearly **£220 million to the economy** every year.
- **financially robust** – despite limited resources, three-quarters of community-owned assets say they are in good financial health
- **a growth sector** – nearly a third (29%) of all community-owned assets came into community ownership in the last decade. Growth is less strong (23 %) among community hubs/halls/centres whereas 52 % of other asset types came into community ownership in the last ten years.

The study generated data on the **source of community-owned assets**. It found that 41% of assets came into community ownership from private ownership, and 30% from public ownership. Just under half of assets came into community ownership through a transfer from a public body (25%) or were donated (24%) at no cost or for a peppercorn rent.

The study calculated a conversion rate for assets listed as **Assets of Community Value**, estimating that 15 of every 1000 assets listed as an ACV made it to community ownership[2].

The **motivations for community asset ownership** included preserving (or improving) an asset deemed to be of local value, and to provide benefits to the community such as services and facilities to meet local needs.

[1] The research team believe this figure to be an underestimate as it only includes assets that were revealed through available data sources.

[2] Assets of Community Value form a part of the Community Right to Bid, as established by the Localism Act, 2011.

Tom Archer, Elaine Batty, Cathy Harris, Stephen Parks, Ian Wilson, Mike Aiken, Eliza Buckley, Rebecca Moran and Vita Terry (2019) *Our assets, our future: The economics, outcomes and sustainability of assets in community ownership,* London: Power to Change.

Financial health of community-owned assets

The research developed a novel measure of financial health, which indicated that **31 % of assets had 'excellent' financial health**, with only 5% assessed as being in 'extremely poor' health.

A little over three-quarters of survey respondents reported their asset to be in 'very good' or 'good' financial health and almost half experienced improvements over the last three years. Despite this positivity, the research highlighted important vulnerabilities:

- Around one in five assets made **an operating loss** of 10% or more of their revenue in their latest financial year – equivalent to 1,300 assets.
- Up to a fifth were likely to have **insufficient reserves** to meet a modest unexpected expense or income shock. A significant number are also likely to be operating at a loss.
- **Controlling expenses** was an issue for many. A third of survey respondents did not agree that their asset's expenses were 'regular and predictable' and 56% did not feel their expenses adjusted in line with revenues.
- As assets are increasingly moving towards **loan-funding**, it is a concern that that 30% did not agree that their debts are under control.

Factors affecting financial health

Common factors reported to affect the financial health of community-owned assets were:

- the cost of maintenance (46%)
- poor revenue from the asset (27%)
- not being able to recruit a full volunteer base (25%)
- limited access to grant-funding (23%).

Statistical modelling identified that the following factors had a significant impact on financial health:

- Assets with **a higher income** were more likely to have excellent financial health – the likelihood of excellent financial health increased with scale of operations.
- **Being a community hub/hall/centre** is negatively associated with excellent financial health. This reflects that these facilities are run on a shoestring budget.
- Operating from a location in an **area of deprivation** is a challenge and negatively associated with excellent financial health.

About the research

Power to Change and the Ministry of Housing, Communities and Local Government commissioned this research in mid-2018. It was delivered by a team from the Centre for Regional Economic and Social Research at Sheffield Hallam University and the Institute for Voluntary Action Research. The scope of the project was to create a national picture of community asset ownership, and to assess their financial health and sustainability, and economic impact. The study focused on land, buildings or other large physical structures with long-term ownership rights – a freehold or leasehold of 25 years or more – held by a community or voluntary organisation operating for the benefit of local people, with decision-making controlled by local residents.

Full details of the methodology can be found in the technical report: see **powertochange.org.uk/ research**

All community-owned assets identified through this work can be viewed on **keepitinthecommunity.org**

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