

# **Vulnerable Communities and Community Ownership in Scotland**

A review of literature, policy and practice

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The views expressed in this report represent those of the authors, and not necessarily those of the various organisations that supported the work.

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# Introduction

The ownership of assets by communities has gained increasing prominence in recent years as a practical way by which local services can be owned and/or managed by local people. Proponents of community ownership argue that the development of such models contributes to increased community cohesion and confidence, community regeneration and enhanced sustainability through the development of income-generating initiatives.

This paper sets out the current policy, legislative and funding context in Scotland in relation to community ownership and gives an overview of community ownership that takes into account models of ownership, the barriers to the development of the ownership of assets and the potential benefits to communities when ownership is achieved. In addition the overview considers the types of ownership developing in Scotland and considers the risks involved.

Information from three separate places in Scotland, where community ownership is developing in different ways and for different reasons, was analysed in order to more fully understand peoples' experiences.

## Methodology

This analysis was undertaken through a combination of desk research and semi-structured interviews with key individuals in the communities of South Uist, Dunbar and Beith.

# Legislative, Policy and Funding Context

In the Scottish context legislation and policy directly applying to the community ownership of assets is focused on land reform and community empowerment and is assessed below.

This section deals only with policy as it relates to Scotland - various legislation and policies apply to community ownership in different parts of the UK. It should be noted however that in 2008 the Joseph Rowntree Foundation (JRF) reported that, despite developments in all countries, the assets agenda has been developed most proactively in England<sup>1</sup>.

The section also sets out the key funding strands in Scotland to support the community ownership of assets.

## 1. Land Reform

Over the past seven years legislation and policy has developed supporting the ownership and/or management of assets by communities. One notable development in Scotland has been the Land Reform (Scotland) Act 2003. This Act gives communities the right to buy land and buildings in certain circumstances. It has represented a fundamental change in the law surrounding ownership and land management, giving the potential for far greater powers to be transferred to communities.

Part 2 of the Act, the Community Right to Buy (CRtB), is the most relevant to community ownership. This right can only be activated once a landowner has indicated the land in which there is a registered interest is to be sold, and the community body is expected to have already registered an interest in the land they wish to purchase. When any registered land is to be sold, the owner must inform Ministers and the community body that they intend to sell the land; the community body will then have a maximum of 30 days to decide whether it wishes to proceed with the right to buy.

A number of high profile buyouts, such as on the Isle of Eigg and the Knoydart Peninsula in the 1990s, along with the establishment of a Community Land Unit in Highlands and Islands Enterprise (HIE), drove forward the idea that communities could own and successfully manage land and assets. The development of the Scottish Land Fund in 2001 increased the opportunity for more communities to take advantage of ownership which then led to the passing of the Land Reform Act 2003.

A key issue is how the CRtB has extended to urban areas. In the first year baseline report on the Big Lottery's Growing Community Assets (GCA) programme it was noted that very few of the projects receiving funding had used the CRtB, with some making a strategic decision to do so and others being forced to do so because of their particular circumstances. Using the CRtB provisions of the Act was described as "*gruelling*" and "*several community groups had to change their constitution to be eligible under the CRtB*"<sup>2</sup>

Since the legislation was enacted there have been over 100 attempted registrations, but only six community groups have proceeded to the next stage and been able to activate their right to buy when a landowner decided to sell<sup>3</sup>. In the GCA review it was noted that the CRtB was used predominantly in rural areas. This evidence suggests that this key element of the Land Reform Act has not yet had a significant impact on communities' ability to own and manage assets. Moreover, there is an evidence gap in the impact of the CRtB in areas of multiple deprivation.

## 2. Community Empowerment

Scottish public policies most relevant to community ownership are set in the context of community empowerment. In March 2009 the Scottish Government and the Confederation of Scottish Local Authorities (CoSLA) jointly launched the Community Empowerment Action Plan (CEAP). The plan built on a 2008 joint statement of commitment-on-community empowerment between the Government and CoSLA<sup>4</sup>. The CEAP stated that:

*(Community empowerment)...may not always be straightforward or comfortable, there are barriers to overcome when empowering communities whether they are the effects of poverty, or lack of confidence or isolation, but the benefits that can flow from people having more responsibility for their own destinies are potentially so great, that we must overcome the challenges and barriers together, as we seek to develop the confidence and ambition that lies within our communities.<sup>5</sup>*

The CEAP makes clear that community ownership is one aspect of community empowerment, identifying it as one of eight actions that will help to build capacity to deliver empowerment. The CEAP states that:

*...asset ownership won't be the answer for all communities, depending on their circumstances and their own wishes, but it can be very powerful.*

It notes that the potential key impacts of asset ownership include tangible results such as providing revenue for community organisations to make them economically viable, but also that:

*...working towards asset ownership can be a fantastic catalyst for the group growing and maturing.*

Whilst recognising the potential of community ownership, the CEAP takes a cautious approach, pointing out that ownership can be *risky and complicated* and that points of principle must be considered particularly when transferring assets from the public sector. It notes that:

*In any circumstance where a community takes on an asset the issue of identifying and securing ongoing revenue streams to develop and maintain the asset is critical; otherwise communities find themselves stuck with a liability rather than an asset.*

In terms of action on community ownership the CEAP asserts that resources will be invested in new work that will ensure that community asset ownership happens in a way that benefits communities. This work should address barriers such as the need to identify and secure ongoing revenue streams. There is a commitment by the Scottish Government and CoSLA to work with the public and voluntary sectors to:

- Highlight examples where local authorities have developed a strategic approach to community asset ownership
- Issue revised guidance to local authorities on disposing of assets at less than best consideration
- Develop a toolkit that helps people to assess the risks and benefits of community asset ownership
- Work with Big Lottery Scotland, to learn from the Growing Community Assets programme and consider future support for community asset ownership. The new programme was launched in July 2010.

The Scottish Government has stated that:

- Work on guidance in relation to disposing of assets is ongoing
- The Development Trust Association Scotland (DTAS) has been funded to run a two-year programme to support elements of the CEAP. This includes a review of current policy and practice on asset transfer in Scotland<sup>6</sup>, along with examples of local authorities successfully transferring assets to community groups and where they have developed a strategic approach to community asset ownership. The programme includes a seminar series for communities highlighting the risks and benefits of asset ownership. Along with this the programme is intended to develop demonstration projects, providing targeted support to partnerships of local authorities and community groups who wish to progress asset transfers and/or develop a local strategy around the community ownership of assets.

In relation to asset transfer Audit Scotland's report, *Following the Public Pound*<sup>7</sup> concluded that councils are required to ensure transparency and consistency in the disposal of land and property assets. There should be measurable links to council service delivery objectives to underpin good asset management. In light of this report, the Accounts Commission stated that it had concerns about councils' funding of Arms Length and External Organisations (ALEO's), and particularly about the lack of reliable information on the activities carried out by these bodies.

It remains unclear how this ongoing development work will relate to the issues faced by the most deprived Scottish communities in relation to the ownership of assets. In particular, there is insufficient exploration of the potential for asset ownership to benefit deprived communities, the specific barriers faced in deprived communities and the level of support required to make ownership of assets possible in a way that will address deprivation.

### 3. Community Planning

Community Planning processes, at present, have a limited relationship to community ownership of assets. Community Planning Partnerships have agreed Single Outcome Agreements (SOAs) with the Scottish Government on the outcomes that partners want to achieve for a particular area. In addition Section 15(1) of the Local Government in Scotland Act 20038 requires local authorities, as facilitators, to consult and co-operate with community bodies and with other public sector bodies as appropriate in the Community Planning process.

There is an argument to be made that the ownership of assets can contribute to the aims of Community Planning partners. In Beith for example, where the ownership of sports facilities is the aim, it is clear that should this be achieved successfully it could have a positive impact on SOAs aimed at increasing levels of physical activity, increasing levels of voluntary action, improving partnership working between the voluntary and statutory sectors and increasing the capacity of the community and voluntary sectors to grow more social enterprises in the area<sup>9</sup>.

## 4. Planning and Regeneration

Planning policy in relation to community ownership specifically is largely contained in s186 of the Scottish Planning Policy Statement on renewable energy, and states that:

*There is potential for communities and small businesses in urban and rural areas to invest in ownership of renewable energy projects or to develop their own projects for local benefit. Planning authorities should support communities and small businesses in developing such initiatives in an environmentally acceptable way.*<sup>10</sup>

Whilst Scottish Planning Policy highlights the contribution that the regeneration of previously developed land (often referred to as Brownfield land) can make to social and environmental justice, in particular by helping to stimulate enterprise in or close to disadvantaged areas, there is no specific mention of the role that community ownership might have in this. Policy related to planning and the community tends to focus on community engagement and consultation, and public bodies have no obligation to take community ownership into account in planning decisions and the preparation of community plans.

## 5. Funding

In its report on asset transfer the DTAS found that a serious concern for councils was the lack of external funding available to community groups who wish to acquire assets, especially at full market values<sup>11</sup>. In addition the lack of available sources of ongoing revenue and support to assist in the post-acquisition phase was frequently cited as a barrier. The report concluded that there appears to be a need for more and better designed funding and finance programmes in Scotland.

The first phase of the Big Lottery's Growing Community Assets (GCA) programme ran from May 2006 and ended with the distribution of the final grants in May 2010. A total of £50 million was distributed over the life of the programme. While evaluation of the programme is ongoing, the first year baseline report shows that of the 74 projects funded up to May 2009, 41 were below the Scottish Index of Multiple Deprivation (SIMD) median, (areas of greater deprivation), and 33 were above the median in areas of less deprivation. However, in the areas of greatest deprivation there is a significant drop in the number of funded projects<sup>12</sup>.

Growing Community Assets was re-launched in July 2010. The aim of the fund is to:

*...make communities stronger and more sustainable by helping them to acquire, manage and develop assets, and providing quality services and amenities that generate income streams. Development of these assets should improve the social, environmental and economic future of the community*<sup>13</sup>.

Funding is available from between £10,000-£1million and is can be awarded to voluntary and community organisations, local authorities and social enterprises. Non-statutory applicants must be a constituted organisation and be from an identifiable geographical area with at least 10 per cent of the local community as members.

The Links Between Activities Developing the Rural Economy (LEADER) programme is part of the Scotland Rural Development Programme (SRDP) which promotes economic and community development within rural areas. The aim of LEADER is to increase the capacity of local rural community and business networks, to build knowledge and skills, and to encourage innovation and co-operation in order to tackle local development objectives. LEADER will deliver support of around £52 million to rural areas. An additional £19.2 million Convergence Funding has been awarded to seven Local Action

Groups (LAGs) in the Highlands and Islands in recognition of its previous status as a disadvantaged and remote area.

Experience in South Uist shows that funding can be accessed from a range of sources including the local authority, the European Regional Development Fund (ERDF) and in the form of loans from Social Investment Scotland. Dunbar has benefited from the Climate Challenge Fund and from a private developer's community benefit funding. It is less clear how deprived communities can benefit from what seems a complicated and fragmented funding landscape.

While the Big Lottery Fund is examining the extent to which the first phase of GCA has benefited communities on the SIMD, this is only one, albeit significant, fund. A fuller assessment of current funding support to deprived communities in relation to ownership of assets would fill this gap in knowledge.



# Community Ownership: An Overview

This overview considers community ownership in the context of legislation, policy development and current funding structures and draws on the experience of South Uist, Dunbar and Beith. Models of community ownership, along with the barriers, potentials and risks are set out below with recommendations where appropriate.

## 1. Models of Ownership

There are a variety of drivers for communities to take over assets and a wide variety of legal forms they can adopt which are suitable for differing projects. These include private limited companies, co-operatives and Community Interest Companies. Most of these can choose whether or not to apply for charitable status. There are also a wide range of supporting and relevant organisations such as the Community Interest Company Regulator, the Office of the Scottish Charities Regulator, Development Trust Association Scotland and the Scottish Council for Voluntary Organisations and others. The aim of this section is not to provide a comprehensive assessment of all such options and support but to focus on those most relevant to deprived communities.

Relevant models are:

- **Development Trusts:** The Development Trust Association Scotland (DTAS) is prominent in lobbying the Scottish Government on community ownership of assets and have recently produced a report on asset transfer and are working on other aspects of the CEAP
- **Community Land Trusts:** Closely related to the Land Reform Act and the Community Right to Buy. Community Land Trusts have been largely focused in rural areas but are also relevant to urban areas
- **Community Anchor Organisations:** A concept emerging in England and now being promoted by DTAS in Scotland

### ***Development Trusts***

A Development Trust is a community organisation owned and managed by the local community, which aims to achieve the sustainable regeneration of the community or to address a range of economic, social, environmental and cultural issues within a community. Development Trusts are independent but seek to work in partnership with other private, public and third sector organisations. At the same time they aim to reduce dependency on grant support by generating income through enterprise and the ownership of assets. All trading surpluses are principally reinvested in the organisation or the community<sup>14</sup>. The DTAS believes that community regeneration that is achieved through community-owned enterprise and assets is the way to build strong and sustainable communities.

### ***Community Land Trusts***

In common with Development Trusts, Community Land Trusts (CLTs) aim to become self-financing by ending any reliance on public grants and are locally controlled and democratically accountable. A CLT is a community-controlled organisation that owns, develops and manages land and buildings for the benefit of a local community. CLTs will allow the value of the land to be separated from the value of the buildings on it. This means that the value of any public and private investment, as well as planning gain and land appreciation, can be preserved for long-term community benefit. The Land Reform

Act 2003 provides a framework for the support and development of CLTs in Scotland. The Community Land Unit, established in 1997 by HIE, has played a significant role in supporting potential community landowners to achieve their aim of becoming a CLT through advice and grant funding.

### **Community Anchors**

In their report on asset transfer the DTAS specifically recommend that the Scottish Government promote and support the concept of community anchors. The DTAS believe that this could encourage a more strategic and sustainable approach and would link community empowerment objectives nationally with community ownership of assets locally.

The Community Alliance (a national partnership of Bassac, Community Matters and the Development Trusts Association promoting the development of community anchors in the UK) describe community anchors as *'independent community-led organisations that are multi-purpose and provide holistic solutions to local problems and challenges and are often the driving force in community renewal'*<sup>15</sup>. According to the Community Alliance, community anchors tend to provide a building (a physical space which is community controlled, owned or led) and a means of promoting community led enterprise, generating independent income while having a social, economic and environmental impact

The JRF concluded that community anchor organisations can have an important role in regeneration and are particularly valued by government for their long-term commitment to the area they serve, their potential to engage all sections of the community but especially the most marginalized, and their involvement with economic development (enterprise support, training, job search, childcare etc) as well as with social engagement<sup>16</sup>.

## **2. Types of Ownership**

Ownership projects vary in scale and purpose. Not only is this reflected in the three communities considered in detail in this paper but also in funded projects in phase one of the GCA programme. The analysis in the first year baseline report is useful in highlighting the types of ownership projects that are developing in Scotland.

Funded projects generally fall into one of the following categories:

- Whole estate buy-outs
- Renewable energy
- Service provision
- Community hubs
- Land access
- Technical assistance projects

Large-scale income generation projects relate to whole estate buy-outs and renewable energy projects; as such South Uist is included in the analysis of GCA. The report notes that for other type of projects the economic benefits are smaller and more specific. The aim of service provision and community hub projects is to be stable and self sufficient and as such may contain income generating capacity such as community cafés, business space or facilities that can be let.

The difference between large-scale income generation and smaller service provision projects is important. It is likely that deprived communities can initially benefit from

projects which focus on service provision or the establishment of community hubs which fit with the idea of community anchor organisations set out above. However, the ability of deprived communities to generate more income than is possible from smaller scale service provision will be dependent on how they can exploit the potential of renewable energy. At present it is unclear how this can happen and needs further exploration.

### 3. Barriers

A key concern in this field generally is that income-deprived communities are not benefiting from current models of community ownership in any meaningful way. Stephen Thake, a key proponent of the community anchor concept, talks about self-sustaining community organisations in areas of multiple deprivation being the “holy grail” in the community sector.<sup>17</sup> It has been observed that a range of barriers exist which, while impacting on all communities in some way, will disproportionately affect deprived communities ability to own assets.

Access to funding at all stages of the ownership journey is a key issue. All of the communities considered in this scoping paper had some level of expertise in writing funding applications and administering funding when it was received. The funding process is often complicated and time consuming and a ‘chicken and egg’ situation arises where there may be limited time or knowledge locally to apply for funding that could secure development worker time to write funding proposals. In Beith there was concern that successful funding applications would lead to more pressure on local volunteers. Uncertainty of continuation of grant funding until such times as income can be generated may act as significant barrier. In Dunbar the community have had to be confident that projects to generate income will develop sufficiently or that grant funding will be renewed until this happens.

There is also a sense that current planning policy is not designed to support the community ownership of assets. In Dunbar there was a view that local planning policy is one of the biggest hurdles to community ownership of income-generating wind turbines. In Uist it was felt that legislation generally, including the recent Crofting Bill, did not take account of community ownership, whilst community planning processes focus only on consultation and engagement and have not yet addressed the potential of community ownership to support positive outcomes in communities.

Experience in South Uist and Dunbar shows that to move forward with community ownership requires a community to have a degree of knowledge, skills and confidence that community ownership can happen. In Beith confidence is developing as support is provided.

### 4. Potential of Community Ownership

Overcoming the barriers to the development of community ownership of assets can lead to significant benefits for all communities and deprived communities in particular.

South Uist demonstrates how renewable energy has the potential not only to generate income but also attract funding and other support in the start-up period. In South Uist it is expected that reinvesting income will drive the regeneration of the Island.

Experience so far in Beith demonstrates that confidence will grow as members of the community become more involved in ownership projects. Developing confidence can generate ideas and ultimately involve local people in work on a range of ownership projects. In Dunbar local people are involved in projects around energy and food

production and distribution. Developing an ownership 'ethos' in a community can have a significant impact on how a community sees itself as well as very tangible benefits in terms of local facilities and services.

In addition, as the JRF note in their analysis of community ownership and management of assets, the community ownership of assets can contribute to financial and organisational stability which allows communities to undertake longer-term development work, enhance partnership working, act as an engine to drive the local economy towards environmental and social improvements and build community pride, networks and skills.

It seems that deprived communities could benefit significantly from enhanced community ownership.

## 5. Risks

In an analysis of the benefits and risks of asset ownership the JRF asserts that whilst there is evidence of the benefits to organisations there is less evidence of the benefits to communities. Moreover, it is their view that there has been little in the way of independent evaluation of the benefits of ownership.

The JRF note that:

- Very little information has been published on the risks and difficulties associated with community ownership or management of assets
- The available evidence highlights concerns about the liabilities of asset management
- In some locations there can be an imposition of rules by local authorities that effectively prevent community organisations benefiting from revenue streams that they derive from an asset
- The dilapidated condition of some assets can be an issue
- Community organisations may be drawn away from their main work and become preoccupied with the technical and regulatory burden of asset management
- There may be a lack of technical aid available from other organisations and expert advisors to provide support<sup>18</sup>

The Scottish Urban Regeneration Forum believe that if an asset building approach is to be a viable option for marginalised groups then further investment will be required in basic community development<sup>19</sup>.

The risks of asset ownership may be substantial and need careful consideration by communities and by local authorities. The DTAS report on asset transfer found that most of the councils they spoke to felt that there were significant risks involved in transferring assets to communities. Most commonly cited was the capacity of groups to manage, maintain and develop assets, yet only a very few councils said they would commit resources towards building the capacity of groups where capacity was being identified as a risk factor in a potential transfer<sup>20</sup>.

# Community Ownership in Three Communities

In order to better understand the experiences of communities involved in attempts at asset ownership, and to explore what is required to help overcome barriers, Oxfam asked Cambium to research the experience of three communities at different stages in the ownership journey.

## Methodology

Semi-structured interviews were held with the key individuals in South Uist in the Western Isles, Beith in North Ayrshire and Dunbar in East Lothian. The questions focused on:

- **The start up period:** The aim was to gather information on the reasons for starting an ownership project, the process by which it developed and the involvement of local people. It was also important to look at the skills that were and were not available in the community, how they were used and how any gaps were filled. Consideration was also given to how the wider community has been kept involved
- **Support and Funding:** Information was sought on the main sources of advice, information and funding that the project has had overall and more specifically in relation to core and project funding. We were interested in how the types of support e.g. grant funding impacted on the aims and objectives of the project
- **Sustainability:** It was important to get a sense of how the project was going at the moment and what the risks and opportunities were in the next year. We were keen to hear what would help avoid those risks and take the opportunities

In addition to these three overarching themes we sought views on what changes, if any, are needed to public policy, legislation, funding structures and institutional support to allow community ownership projects to develop fully.

The following is a combination of information gained from the interviews and desk-based research.

## South Uist

South Uist, Benbecula and Eriskay in the Western Isles are areas characterised by regional economic fragility. Gross Regional Domestic Product (GRDP) in South Uist is 66% of that of Scotland as a whole. It has experienced an extreme out-migration of 10% in the ten years to 2001, with young people and women making up the majority of leavers and over-50s and males being incomers. Employment is characterised by low wages, seasonality and high levels of part-time and self-employed opportunities (particularly crofting). The area has a population of around 3000 people.

### **Start Up**

The beginnings of ownership started 15 years ago when a scale back of the missile range was announced with the loss of 400 jobs. The community group that was formed to look at decreasing dependence on one large employer considered the ownership issue, but it was not until the 2003 Land Reform Act was passed that those ideas could be put into action. A steering group was formed which identified that the purchase and ownership of the estate would drive social and economic regeneration. The aims and objectives of the project needed to be set out in the early stages as Highlands and Islands Enterprise (HIE)

required a full business plan for the post-purchase period before they would fund the large amount of due diligence work required to move to purchase.

In 2006 Sealladh na Beinne Moire (SnBM), a company limited by guarantee and trading as Stòras Uibhist, purchased the shares of South Uist Estates Ltd., on behalf of the local community, from the private syndicate that previously owned it. The Estate covers the islands of Eriskay and South Uist and the majority of the Isle of Benbecula, extending to 93,000 acres.

Involving the wider community has not been difficult. There is a strong tradition of community involvement on the Islands. Residents of the Estate area who are on the electoral roll can become full members of the company. Full members have voting rights at the AGM and in elections for the appointment of Directors. The company currently has around 700 members and turnout for votes on new Directors is around 85%. The decisions made by Directors affect the everyday lives of the residents of the Estate who are vocal about what they think should be happening and have access to the CEO and Board members every day. There are, however, a small number of dedicated volunteers who give a great deal of their time.

The project has been able to call on a wide range of skills from people in the local community. Project management, policy development and commercial and business knowledge were crucial to the project progressing before and after the buy out. Since the buy out Directors are central to the setting of policy and strategy and are allocated a project area. The confidence to work at a strategic level combined with the ability to be hands on has been essential. There has been a need to bring in professional services such as lawyers and accountants. Filling gaps has meant that people have had to work harder over a longer period of time to make the project work. This is largely because of a lack of infrastructure – transport, travel and housing – which impacts on bringing expertise to the island or travelling to the mainland to consult.

### ***Support and Funding***

In a model of ownership that was based on a share purchase the crucial issue was having the money for the buyout. Once a package of funding was in place the focus has been on putting together funding for the Loch Carnan Community Windfarm. Funding to support this has been secured with support from the Big Lottery, the European Regional Development Fund and Social Investment Scotland. The windfarm will consist of three turbines, of up to 2.3MW capacity each and is expected to generate gross revenue of around £2.5 million.

Core funding has not been an issue and was funded from the buyout although this does not negate the need for projects to be income generating. It is notable that no funding has been approved for projects since the buy out. This has not resulted in a refocusing of the aims and objectives of the project but means that it will take more time. At the time of writing it is being reported that a connection to the national grid, upon which the Loch Carnan project is dependent, has been approved<sup>21</sup>. The development of other projects are dependent on income generation.

### ***Long-term Viability***

The project is reported to be going well, albeit slower than was initially expected. A failing business, the South Uist Estate Ltd, has been turned around and the potential is there to step up the drive to regenerate the community. The most important factor so far has been the confidence and belief of local people who were determined to see regeneration happen and could appreciate the benefits this would bring. The buy-in of

the wider community has been another very important factor. However, without the major cash injections and support from the agencies listed above the story of this project would have been radically altered.

Until the project is self-financing the risk to the project comes from the bank who provided a £400,000 loan for the original purchase. Ensuring that the wind farm is operational will take the project and the community to a new level.

It was noted that in Uist infrastructure is a huge issue in terms of the success or otherwise of the project. The costs to set up and maintain business is greater due to poor infrastructure, while the community have little influence over transport links or roads.

## **Change**

Experience in South Uist has led to conclusions that:

- Communities must be allowed to fully utilise the potential in renewable energy resources and be supported in doing so by public bodies, including Ofgem and private companies responsible for grid connections
- There needs to be guidance on the valuation of public assets and the cost to communities when they want to take them over. At the moment a public body will be looking for full market value
- There needs to be a fundamental review of legislation that relates to community ownership. Current legislation has not caught up with the developments in community ownership; the recent Crofting Bill is an example of where the needs of community landowners were not taken into account
- There is a lack of representation of the needs of local communities and community landowners in the policy and legislative processes
- The Scottish Government works in silos when it comes to funding. Departments are overly focused on their own area of influence and there is often no overlap in budgets
- Communities considering ownership models should not underestimate the time it will take and should work out how to secure long-term funding
- There will be a reliance on grants for around 5 years and unless there is some form of equity in a community, or a plan for income generation, grant funding will dry up and the project will fail

## **Dunbar**

Dunbar is a small coastal town, 28 miles east of Edinburgh at the eastern extremity of East Lothian. It is bordered by the sea to the north and east, agricultural land to the west, and the Lammermuir Hills to the south. The town has a population of around 6,350. In Dunbar unemployment sits at around 3%; somewhat lower than the Scottish average. In terms of the type of work there are similarities with Beith; around 67% of those in employment work in the private sector and 27% in the public sector.

The ownership model in Dunbar has developed around concerns about climate change and peak oil. In 2007 individuals involved in a number of initiatives came together and agreed that local activity should focus on these issues with a sustainable Dunbar being the main aim. Since then Sustaining Dunbar (SD) has been established as a charitable company limited by guarantee. The aim of SD is to bring people together to plan and manage the community's transition to a resilient local economy, independent of fossil fuels.

## **Start Up**

The initial stages of establishing the project were greatly helped by the fact that there were already a number of small initiatives in the area. Bringing these initiatives together under one umbrella was made easier because of political change at the local and national level and in particular the ongoing discussions around the Climate Change (Scotland) Act 2009. Local people recognised the possibilities for Dunbar to benefit from the emerging political agenda.

To take the project forward working groups were established on issues that the 20 or so involved people were interested in. The overarching theme was sustainability and groups were focused on food, transport and energy. The project was formally launched with a constitution in 2008 with posters, a press release and a talk to the community council. Involvement of the wider community has been by word of mouth. Whilst the project has been dependent upon a small group of volunteers, the aim has been to build interest and awareness steadily and to get more people involved through the activities of the project. For instance the wider community are increasingly aware of SD through its home energy efficiency work.

In establishing the project SD was able to call on a wide range of knowledge and skills from within the community. Crucial to progress were the facilitation skills of some of those involved, which meant that *"ideas could be turned into action"*. Business planning, the writing of funding applications and policy development all came from local people. The most important aspect of ensuring progress was having people who had the confidence that change could be achieved and knew how to approach local decision and policy makers. Enthusiasm for the project has remained steady because it has been broken down into practical and achievable elements but it is reported that there is a danger that if real and significant change is not seen to be happening interest, and involvement, will wane.

## **Support and Funding**

SD has had a mix of funding and in-kind support. SD is a member of the DTAS and has found this useful for getting advice, information and inspiration. Advice on models of community ownership has come from the UK Transition Network and East Lothian Council have given Development Officer time as well as offering general support and a small amount of funding. Funding has been received from the Big Lottery, Community Energy Scotland for feasibility studies on energy projects, and a small amount from the community council. The main source of funding has been the Scottish Government's Climate Challenge Fund (CCF) with grants totalling £330,000 being awarded for energy efficiency, community mapping and transport initiatives. There has been additional funding for the community of £100,000 per year from Community Windpower Ltd (CWP), a private generator owning a local wind farm. This helps fund energy efficiency improvements in the area and a local BeGreen shop which fits closely with SD's energy efficiency work.

The range and flexibility of the funds has meant that core activity has not been as problematic as it might have been for such a project. Without the core money it would have been impossible to take the project to where it is today. Projects on transport and energy have been allowed to set their own objectives and have successfully identified funding sources to take at least some of these forward. A vigorous volunteer base has meant that other non-funded work can also develop.

Success has also been partly based on the fact that the work was not starting from new but building on existing organisations and activities. The community benefit fund from CWP was seen as particularly useful as it was used to set up an energy advice shop,



giving the project a visual presence in the town. Having the confidence to know that change is achievable was also seen as crucial.

Work is currently under way on a community plan for the next 15 years. The intention is to align the '2025 -Energy Descent Action Plan'<sup>22</sup> project with East Lothian's local community planning process. To achieve this ongoing support and funding will be required. The central challenge now is seen as how to prepare for when the CCF money ends in 2011. SD is currently planning for this with income generation being a major focus.

### ***Long-term Viability***

Overall the feeling is that the project is going well, although it would benefit from wider involvement. The crucial factors in this have been the volunteer effort and funding; being able to grow slowly and in the directions decided upon by those involved is seen as essential to the success of the project. This is in itself clearly dependent upon having sufficient volunteers and access to funding streams which have not been overly prescriptive. The mix of skills available locally has also been fundamental in developing and sustaining the project.

Central to the ongoing success of the project will be what happens when the CCF funding comes to an end. It is currently under review and there is unlikely to be a decision before the 2011 elections, which will come too late. As a result, the ability to generate income is crucial. One potential for a major income-generating project lies in energy generation. There are efforts currently underway to develop community-owned wind turbines, but this will depend on achieving access to land and gaining planning permission, which could be problematic. There is a feeling that the central government climate change agenda is supportive of such moves however, which is evident through the support and funding of Community Energy Scotland and planning guidance supporting community-scale renewables. At the local authority level however resistance to small-scale community-owned turbines may be encountered and there is concern that this may hamper SD's efforts to become more financially self-reliant.

Overall it is felt that financial self-sufficiency is achievable and there is a belief the Government's climate change agenda is a framework to work within that will help to attract ongoing core support.

### ***Change***

Experience in Dunbar has led to conclusions that:

- One of the biggest hurdles to community ownership is planning policy. East Lothian's current planning policy does not necessarily support what SD is trying to do in relation to wind turbines. This may hamper the establishment of a turbine, crucial to income generation. There is a need for fundamental change to local planning policy so that it works to support community-owned, small-scale wind generation
- There should be ongoing support for those CCF projects which have been successful, focused on helping them move to financial self reliance, otherwise the expertise, progress and momentum built up may be lost
- Long-term, viable community ownership will be dependent on income generation

## Beith

Beith is situated in the Garnock Valley in North Ayrshire, approximately 20 miles southwest of Glasgow. The town is situated on the crest of a hill, known originally as the "Hill o' Beith". Beith has a population of 6,346 with 20% of this population under 16, a higher proportion of this group than Scotland as a whole<sup>23</sup>.

In Beith around 63% of those in employment work in the private sector, in areas such as manufacturing, retail and construction. Around 30% work in the public sector. North Ayrshire as a whole suffers from some of the highest unemployment in Scotland with around 10% unemployment, compared to a Scottish average of around 6.5%. The number of benefit claimants increased by 17.5% between March 2009 and March 2010.<sup>24</sup>

### **Start Up**

Discussions about ownership in Beith have come about due to a lack of sports facilities that threatens the existence of a number of sports clubs. North Ayrshire Council have offered the clubs the opportunity to own/manage grass pitches whilst the clubs have identified an unused artificial pitch and buildings as also having the potential to be owned and run by the community. Oxfam have been supporting local people in the process and a report has been completed on options for ownership<sup>25</sup>. The report recommends establishing a development trust as well as a company limited by guarantee with charitable status. This is currently being considered by the clubs.

The project has been driven by the threat to the sports clubs. As the impact of having no sports facilities has grown, those involved have come to believe that there is a need to be more organised in their response. There has developed a general agreement that owning and managing local facilities could have an impact on more than sport in the area, linking into wider social and economic spheres.

There are significant project management, community development and business skills and knowledge among those involved, including technical and construction experience. At the moment it seems what is lacking is confidence that locally existing skills and experience are sufficient to successfully develop a community-ownership model. There is a belief that confidence and leadership should develop in time but that this will need to be supported.

### **Support and Funding**

The local authority has offered to lease grass football pitches and some funding has been given for sports related activities. Oxfam have funded a scoping report on ownership options and continue to support the group. Local people have offered construction materials and equipment to improve the pitches. The group are now members of the Development Trust Association but have not yet approached them for support.

No funding has yet been received for core or project activities. A project worker would really help to move the work along and support volunteer effort. At the moment volunteer work is focused on (or required to help with) applying for funding, organising meetings and consultations and involving stakeholders and the wider community.

### **Long-term Viability**

Moving towards an ownership model has been a slow process, and a lack of confidence has led to uncertainty about the next steps. The scoping paper on reasons and options for community ownership has been helpful but people are still unsure about whether they want to take those steps. A key issue in this is that it has been difficult for those involved to see what success looks like; it is felt that it would help if there was a visual

representation of what new facilities would look like as well as if decision makers were able to see, and be convinced of, the wide range of benefits a successful project would bring. At present the local authority have no framework for helping community ownership and as a result the group are left without adequate support.

### ***Change***

Experience in Beith has led to conclusions that:

- There needs to be an increase in funding to support models of community ownership, particularly at the start up stage
- Statutory agencies that may benefit from community ownership by helping them to meet their aims and objectives need to take a co-ordinated approach to supporting the development of community ownership
- Everyone (local people, agencies, and the wider community) needs to understand what is trying to be achieved. This will offer reassurance and is more likely to get a commitment to involvement in the work
- There is a need to constantly revisit a shared understanding
- A great deal of patience is required

# Conclusions

The policy and legislative environment is edging towards increased support for community ownership. The Scottish Land Reform Act 2003 and the Scottish Government's Community Empowerment Action Plan provide something of a framework within which community ownership can grow. Nevertheless, it appears that so far this growth has only occurred in a very limited way.

JRF research highlights the greater incidence of asset ownership by communities in England compared to Scotland. The DTAS point to a greater awareness of the key issues in parts of England than in Scotland and to the need for further work to consider the differences in approaches between Scottish and English local authorities.

While ownership projects are developing in a number of communities there is a lack of comprehensive evidence of how the most deprived communities in Scotland can benefit from the ownership of assets.

The evidence from the three communities considered in this paper suggests there are significant issues even for those communities not among the most deprived in Scotland. The difficulties arise in finding volunteers in the first instance with the time, commitment, experience and confidence in getting the various projects off the ground and to begin to access funding.

South Uist, Dunbar and Beith are at very different stages of ownership. Uist is the largest and most established of the three projects and is on the verge of realising the potential of generating significant income which will contribute to the sustainability of the Estate and the social and economic generation of the Island. Discussions about ownership have been around for 15 years and it is almost 5 years since the buy-out. The initial stages of the project were dependent upon support from HIE and Big Lottery, establishing this support was itself dependent upon voluntary effort. Developing and sustaining the project further is reliant on income generation and that has taken time and considerable hard work by volunteers and paid staff.

In Dunbar the ongoing development of the project would similarly appear to be reliant on income generation. Local people have been skilled at initialising the project and also at linking the activities of the project to local and national policy priorities, in order to gain core support for their work. While they expect this to continue, nevertheless the only guarantee of continuity will be if the community is able to exploit the potential for generating income which, initially at least, is focused on renewable energy.

For both of these projects there is a real risk of losing the ground they have made, along with much of the experience and momentum they have developed if no progress is made on income generation and grant funding is withdrawn.

The groups in Beith are at a much earlier stage of development. Whilst lessons for deprived communities can be gained from Dunbar and Uist it is perhaps in Beith where the most fundamental issues emerge. Confidence, leadership, support at the initial stages and knowing who to approach and how, are all central to taking forward community ownership.

Within the parameters of this scoping paper it is difficult to see how policies on planning and community planning relate to community ownership generally. Experience in at least one of the three communities suggests that current Scottish planning policy is insufficient to support community ownership of wind turbines. Moreover, local authorities are not

generally geared up to offer practical support to communities who wish to develop ownership projects.

The re-launch of the Growing Community Assets Fund is significant, but it is unclear how accessible this fund will be for deprived communities who may lack the confidence and infrastructure to make an application. Evidence from the first year baseline report shows that some of the funding from the first phase of the programme has gone to deprived communities but this is a small number overall and the impact of the funding is yet to be fully measured. In this context it is a concern that only £1m of the £15.6m CCF grants awarded up until December 2009 was received by communities within the 15% most deprived post code areas.

Evidence from Dunbar shows that knowledge of national and local policy and how to access funding streams will pay dividends in achieving all-important financial support for core activity. The support of organisations like the DTAS has been important but their capacity to provide the level of support for deprived communities may well be limited.

The role of community anchor organisations could be important in assisting people in deprived communities to get involved in asset ownership. Experience in Beith shows that, even where knowledge skills and motivation exists, moving forward to community ownership still requires a high degree of confidence. It may be that community anchor organisations have a part to play in supporting deprived communities in this process.

# Recommendations

These recommendations are for Oxfam to consider, and it will be for Oxfam to decide who each individual recommendation should be aimed at. In some cases it will be natural that a particular recommendation is for the Scottish Government, in other instances it may be a recommendation for local authorities, other statutory bodies or funders. It may also be the case that Oxfam wish to pursue a particular recommendation.

1. **A review of the Community Right to Buy and its impact in areas of multiple deprivation.**
2. **Consideration should be given to a specific strand of work solely focused on the development of asset ownership in deprived communities. This work should examine the potential for asset ownership, the specific barriers in such communities and the level of support required to make ownership of assets possible.**
3. **A review of community planning processes and how they relate to supporting communities to own assets. This review should have a specific focus on deprived communities.**
4. **A Planning Advice Note (PAN) focused on how deprived communities can be supported to take advantage of asset ownership.**
5. **An assessment of the accessibility of current funding support related to the community ownership of assets, and how this impacts on deprived communities in particular.**
6. **Engagement with the DTAS to ensure that policy development takes account of the issues facing deprived communities.**
7. **Discussion with the DTAS regarding the role of community anchor organisations as alternative models for driving regeneration in deprived communities.**
8. **A comprehensive analysis of the potential for the development of community owned renewable energy projects in Scotland's most deprived communities.**
9. **An integrated package of support aimed at deprived communities, which incorporates the full range of help required to develop community ownership models. This could include support to access funding, negotiate planning processes, engage with other stakeholders and build community confidence.**
10. **A duty on public bodies to take community ownership into account in planning decisions and the preparation of community plans.**
11. **The promotion of the community ownership of assets as a positive model of regenerating deprived communities.**
12. **Ensure that the toolkit being developed under CEAP on assessing risks and benefits of community asset ownership is relevant to deprived communities.**

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