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Ymgynghoriad ar asedau cymunedol

Consultation on community assets

Ymateb gan: Plunkett Foundation

Response from: Plunkett Foundation

Welsh Parliament: Local Government and Housing Committee

Inquiry into community assets

Response from the Plunkett Foundation, 24 June 2022

Who are the Plunkett Foundation?

Plunkett Foundation is a national charity with a vision for resilient, thriving and inclusive rural communities. To achieve this, we support people in rural areas to set up and run a wide range of businesses which are genuinely owned by local communities, whereby members have equal and democratic control. Today, we represent over 800 'community-owned businesses' throughout the UK, from shops and pubs through to woodlands, farms and fisheries.

What is a community-owned business?

Plunkett defines a community-owned business as businesses that trade products and services for community benefit, and which is democratically owned and controlled by the local community.

What is the problem we hope to address?

Interest in community-ownership has never been at a higher level. Plunkett currently receives 500 new enquiries annually – this is 30% increase since the beginning of the pandemic. Of these new enquiries, only 1 in 10 succeed in bringing local assets into community ownership.

Plunkett Foundation records show that a lack of available premises (to trade from) and/or an uncooperative or unwilling seller are the biggest challenges facing community-ownership projects. We believe that with greater educational awareness of this form of business, improved access to support available and legislative change that the sector could grow significantly in Wales.

Plunkett activity in Wales

To date Plunkett Foundation has supported 51 community-owned businesses that are currently trading in Wales. This includes 21 shops, 14 pubs and 5 community woodlands as well as a range of other forms of enterprise including multi-service hubs, bakeries, food producers and farms.

Plunkett is also actively engaged and currently supporting a further 50 groups to progress their community-ownership ambitions. This pipeline includes a further 20 pub groups and 13 more projects looking at community-ownership of shops and post offices.

Community-owned businesses, based on a commercial operating model, are a remarkably resilient business type and have excellent survival rates. For the two main enterprise types

supported by Plunkett Foundation; shops have a long term survival rate of 92.5%¹ (12 out of every 13 survive); for pubs it is even higher at 99%.²

We feel that these statistics show that this is a sector worth investing in and supporting to grow in future.

Introduction

Plunkett Foundation welcomes this inquiry into community assets across Wales. Community assets, such buildings, land and other service centres are so important in creating inclusive communities where people are proud to work and live.

Community assets can often take the form of local businesses that are contributing significantly to the local economy, driving positive social action and those that are operating with a commitment to positive environmental practice. In the context of this inquiry Plunkett Foundation wishes to represent the views of the 101 community-owned businesses that we are working with in Wales, 51 that are already trading and a further 50 that are in development.

At present there is no legislative mechanism that empowers local residents in Wales to recognise and identify the assets of value in their community. In England, where communities are provided the power to register “Assets of Community Value” it has led to over 6000 assets being identified as locally important and providing an element of protection (by way of a moratorium period of 6 months) should the asset ever become available for sale.

The majority of community-ownership projects that Plunkett supports are the subject of a private sale, rather than a public asset transfer. At this present time they are also often the result of a reactionary measure by local residents seeking to reopen or “save” a closed business that becomes available for sale. Whilst legislation does exist to support projects in England and Scotland to explore community-ownership, the “Community Rights” available are inconsistent. In England the “Right to Bid” leaves communities beholden to a willing seller and in Scotland the lack of transparency around private land ownership has meant that the “Right to Buy” has, to date been relatively underused in terms of creating a significant number of new community-owned assets.

In Wales, there have been recently published reports by Cwmpas (formerly Wales Cooperative Centre³) and Institute of Welsh Affairs⁴, as well as recognised studies from the Bevan Foundation⁵ and Building Communities Trust⁶ that have led the calls for the implementations of community rights in Wales. Plunkett Foundation supports the calls for the creation of a Community Rights framework in Wales.

¹ [Plunkett Foundation \(2021\), Community Shops Better Business report](#)

² [Plunkett Foundation \(2021\), Community Pubs Better Business report](#)

³ [Wales Cooperative Centre \(2022\), Community ownership of land and assets: enabling the delivery of community-led housing in Wales](#)

⁴ [Institute of Welsh Affairs \(2022\) Our Land: Communities and Land Use](#)

⁵ [Bevan Foundation \(2020\) Community assets: generating the benefits](#)

⁶ [Building Communities Trust \(2021\) The Case for a Welsh Community Rights Act](#)

We believe that the existence of the Well-being of Future Generations Act 2015 in Wales will have significant and connected relevance for any future community ownership project in the country. The considerations for the long-term impact of decisions (made primarily by public bodies), to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change could lead to some of the strongest Community Rights legislation in the UK.

Furthermore with an increase in centralised funding, delivered through the UK Government in Westminster, that could benefit community-ownership projects means that there has never been a greater need to have consistency in legislation across all 4 UK nations. Not having consistent community rights in all four UK nations is prohibiting the number of groups that succeed with a community-ownership project at present.

Through implementing consistent and supportive legislation UK-wide, offering a Right to Buy, it will create an equal chance for successful community-ownership regardless of where the project is located.

Plunkett responses to the following issues being considered by the inquiry:

Whether the current statutory and policy framework empowers communities in Wales to develop community assets:

Plunkett Foundation does not believe that the current framework empowers communities in Wales to proactively bring local assets in to community-ownership.

To encourage and nurture an increasing pipeline of community-ownership projects in Wales, Plunkett Foundation recommends:

1. **Create a process to register Assets of Community Value:** There needs to be a national register of community assets in Wales which enables local residents to identify community assets, and to register new assets of community value as appropriate. A project led by Building Communities Trust⁷ in partnership with WCVA, Cwmpas (formerly Wales Cooperative Centre), DTA Wales, Coalfields Regeneration Trust and Planed created a map of community-owned or run assets in Wales, and Plunkett Foundation⁸ also has our own UK map (which is searchable for Wales-only data) containing similar information. Having one single, comprehensive data set that contains records of all community assets in one place would support recommendation number 3, below, about raising awareness of how to bring more assets in to community-ownership longer term.

In respect of registering assets of community value, Plunkett Foundation has recently re-launched the '[Keep it in the Community](#)' online platform which contains information about 6700 community assets in England, of which 3700 are current registered Assets of Community Value with local councils using the Localism Act 2010 definition. The platform does not complete the registration process currently and that still has to happen with the appropriate authority. Our ambition, with KIITC, is to educate about community-ownership at the same time as getting people to review assets of value to them.

⁷ [Building Communities Trust Mapping Community Assets in Wales](#)

⁸ [Plunkett Foundation Community Business Map](#)

We believe that this is a fundamental improvement that could be made to the current legislation in England and would prevent spurious listing of assets, where there is no intention to pursue or explore community-ownership with assets being listed as an attempt to block any other kind of development. At present only 15 out of every 1000 assets⁹ listed in England ends up in community-hands, Plunkett Foundation believes that a Community Right to Buy and improved awareness and education about community-ownership could close this gap.

- 2. Enact a Community Right to Buy:** To enable more communities bring local assets into community-ownership, Plunkett is calling for a consistent *Community Right to Buy* to be enacted in all 4 UK nations.

We believe that where local residents have identified assets of value and importance to their community, that they should be afforded a *right of first refusal* to purchase the asset should it become available for sale. Furthermore we believe that the asset for sale, should be available a fair price that has been set by an independent valuation.

- 3. Raise the awareness of the community-ownership model:** Despite receiving over 500 enquiries per year from groups looking at and considering community-ownership of a local business or assets, Plunkett Foundation recognises that more needs to be done to raise awareness of the community-ownership model.

Too few are seeing the model as proactive opportunity to future proof businesses, assets and services and at present it is a model of business that is more often than not progressed as a reaction to a negative situation such as business failure, closure and sale. Should the Welsh Government enact a Community Right to Buy, a coordinated communications campaign would be required to raise awareness of this community empowerment activity.

The current infrastructure in Wales should be supported and resourced to complete outreach work. The educational curriculum could cover community and social enterprise more widely and an intensive programme of training should be offered to all community and town councils across Wales, as well as representatives of the local authority network too. Plunkett Foundation produced a guide¹⁰ for local councils in England, working in association with the National Association of Local Councils and something similar should be produced for the Welsh context in future.

The extent the Community Asset Transfer scheme promotes and supports effective development of community assets:

Plunkett Foundation supports relatively few projects using Community Asset Transfer to achieve their community-ownership ambition in Wales.

⁹ [Power to Change \(2019\) Our Assets, Our Future](#)

¹⁰ [Plunkett Foundation \(2020\): Good Councillors guide to Community Business](#)

Plunkett Foundation supports the observations and recommendations submitted by the Community Ownership Group (COG), convened by the Wales Council for Voluntary Action. A separate response from the COG has been submitted to this inquiry which includes the following recommendations:

4. the Welsh Government refresh its Community Asset Transfer guidelines following consultation with community groups.
5. a programme of work to improve understanding the value of community asset transfer and how to ensure community assets are transferred successfully.
6. that the Community Asset Transfer scheme sits within a wider set of policy to promote community ownership of assets, especially those at risk of being lost to the community.
7. ensure that, where community asset transfer is not possible, communities are involved in discussions about the future of community assets. This is especially important in relation to land

To explore barriers and challenges faced by communities in taking ownership of public or privately owned assets, including finance and support services:

The amount of start-up funding required by a group looking to establish a community-owned business can vary hugely, e.g. depending on local market values and the amount of renovation work needed once an assets is in community hands. Groups may need to raise funds to value the building, buy the asset or lease the premises, refurbish the building, purchase stock, marketing activities etc. It is therefore a significant part of any community-ownership project and for some a real barrier to progress.

To address the barriers related to start-up funding, Plunkett Foundation recommends:

8. **Support and promote community shares:** A common form of finance used by most community business supported by Plunkett Foundation is community shares. Community businesses use this form of finance for two reasons: firstly to build a movement and momentum for their project by developing a membership base for their organisation. The fact that the majority of community pubs operate as a Community Benefit Society indicates a desire to embed democratic accountability in their operation. Secondly – and for many equally important – is to raise funding towards their project. Cooperatives UK estimate that community share investments have recently passed the £200m mark, this form of long-term, patient finance is a powerful resource available to support community-ownership ambitions.
9. **Create Welsh gateways to UK-wide delivered funds:** The presence of the Community Ownership Fund, delivered centrally by the UK Government provides groups with the opportunity to access up to £250k of grant investment (or 50% of their purchase cost) to bring more assets in to community ownership. Whilst work is underway to establish an infrastructure support body or consortium to operate alongside the fund and to support the pipeline of applicants, it will be imperative to ensure that groups in Wales are proactively encouraged to apply for funding. The Inquiry should consider whether more can be done to support the bodies already operating across Wales (such as the

members of the Community Ownership Group), with a specific brief to encourage more applications for the Community Ownership Fund from Wales.

The same approach could be used to promote access to post-Brexit funding, such as the UK Shared Prosperity Fund, making sure it truly reaches the communities needing the support most in Wales.

10. Enhance the funding offer from the Welsh Government: Welsh Government has funded WCVA's [Community Asset Loan Fund](#), runs its own [community facilities programme](#) and funds [Social Business Wales](#). To continue growing the number of community-ownership projects in Wales it is important that such initiatives are expanded and extended to provide long term investments in the sector.

Beyond start-up finance, the revenue costs associated with community-ownership projects can be significant and in the main the responsibility for progressing such initiatives is shouldered by volunteers. For some groups there is also a lack of local capacity to progress a project, and even a lack of self-belief that a community-ownership initiative could succeed in their community. Groups in areas with lower social capital, or those originating in an area of deprivation may require additional support beyond capital finance to achieve their community-ownership ambition.

To address the barriers related to revenue support, Plunkett Foundation recommends:

11. Fund capacity and revenue support: In our recent research in to why there are currently fewer community-owned pubs in urban¹¹ areas we identified that “paid for” capacity and leadership (project management) could be transformative in terms of supporting more groups from “left behind” areas. This type of support already exists in Scotland, whereby community groups can apply for funding from programmes such as the Crown Estates Community Capacity Programme to “buy in” a project manager to work alongside and be accountable to the local community.

12. Fund other revenue costs: As well as raising funds to buy a building or take on the lease, community-ownership projects have to cover a huge range of other fees such as; professional costs for valuation of a premises, legal advice or costs associated with human resources. The majority of funding programmes currently supporting community-ownership projects do not sufficiently cover these costs and they are a burden for groups, which in some areas may prevent their progress or success. In Scotland, under the Community Empowerment Act 2015 it is the responsibility of Scottish Government to cover some of these costs including the setting of a fair valuation of an asset subject to a Community Right to Buy order – clearly this could be a huge benefit for communities if adopted UK-wide.

The majority of businesses that Plunkett Foundation supports to come in to community-ownership are commercial assets that have closed due to market failure, often purchased by local residents as a “last resort”. It is important the previous failures are therefore resolved

¹¹ [Plunkett Foundation \(2022\) “We need a Right to Buy, not to try”](#)

prior to community-ownership status, so that the local area is not responsible for a liability longer term. Groups must therefore be able to consider the business viability and be fully confident of its sustainability longer term (with or without further grant investments) as part of their community-ownership project.

To address this challenge, Plunkett Foundation recommends:

13. Promote transparency in the “support offer” available: Plunkett Foundation is fully committed to partnership and collaboration in our operation. We seek to add value to the offer of support from other providers working with community-ownership projects and also address any gaps there may be in support. It is important that groups in Wales do not have to navigate silos of support in order to progress projects which will benefit their local area. The Community Ownership Group, referenced multiple times in this submission is a great example of organisations working for a common goal. We would also like to promote initiatives that Plunkett Foundation contributes to in Scotland ([Community Business: Making it Easy](#)) and in England ([MyCommunity](#)). These are both web based resources, set up by our partners Community Shares Scotland and Locality respectively, but which have a similar ambition of making it easier and simple to access any advice and support available. For the community-ownership sector to grow and flourish in Wales, we would welcome the opportunity to contribute to similar initiatives in Wales in future.

14. Fund more infrastructure support: With higher levels of interest in community-ownership there will be greater demand on the support available. More funding opportunities to run and deliver programmes of support for groups looking to create community-owned businesses would therefore be beneficial.

To discover what lessons can be learnt from beyond the Welsh border

The COVID-19 crisis has brought the benefits of community business sharply into focus. In our State of the Community Business Sector¹² report in June 2020, we highlighted how community businesses clearly stepped up to the plate to support their communities. Their long-term survival rate also makes community businesses an economically viable solution for preserving assets and services – particularly in rural areas, where these have been steadily declining, even before the pandemic.

With the increasing likelihood that the impact of COVID-19 and now the cost of living crisis, the impact of the war in Ukraine and Brexit will lead to more businesses and local assets facing closure and coming onto market – such as theatres, community hubs, cinemas, and pubs - now is the time to act. Bringing these assets into community ownership could offer an opportunity to continue delivering social value for their local communities.

We also see enormous potential for community ownership to tackle the climate crisis. Through our [Making Local Woods Work](#) and [Making Local Food Work](#), projects run by Plunkett Foundation we have seen first-hand how community businesses can reduce food miles and conserve green space and biodiversity. Furthermore businesses such as community-owned shops and pubs often rely on a local supply network, something brought

¹² [Plunkett Foundation \(2020\), State of the Rural Community Business Sector](#)

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sharply in to focus with the pandemic when national supply chains were under increased pressure and not fulfilling orders. We have also seen an increased interest in community businesses starting 'refill' schemes to reduce single-use plastic packaging; in installing charging points for electric vehicles; in green energy generation projects; in keeping business local and fostering 20 minute neighbourhoods. Community ownership has accountability built into its core principles, and we believe that is the key to ensuring a sustainable economy.

As shown in our recent annual Impact Report¹³ community-owned businesses:

- Improve community cohesion
- Boost the local economy
- Offer jobs, new skills and training
- Provide access to or host essential services, such as Post Offices or healthcare
- Protect and conserve the environment
- Promote good health and wellbeing

We therefore support this inquiry to consider how more community owned businesses a can be supported to open in Wales and thank you for the opportunity to submit a response.

¹³ [Plunkett Foundation \(2022\), Annual Impact Report](#)