Observatory

Policy Basic

Development Trusts

September 2011 Policy Basics: **Issue 4**

"Development Trusts are enterprises created by communities to enable sustainable development in their area. They undertake a wide range of economic, environmental and social activities and services. As independent not-for-private-profit organisations, they are committed to involving and being accountable to local people." Locality

There is an increasing interest in development trusts across the UK as governments (national and regional) seek innovative responses to both the global economic downturn and significantly reduced public expenditure. From the point of view of communities, development trusts are a means to exercise control at the micro or local level by kick-starting local economies, promoting neighbourhood self-determination and engaging with people on their own terms (Joseph Rowntree Foundation 2008).

This publication provides an overview of what development trusts are, explores their contributions as community enterprises to combating poverty, and considers the transfer of public assets to communities as a way of establishing and growing development trusts. It describes the innovative 'meanwhile use' of temporarily vacated commercial spaces as a complementary strategy to development trusts' long term approach. Following a commentary on how development trusts have been supported elsewhere in the UK by legislation, policy, government funding and their own membership organisations, it concludes by highlighting the work of the recently formed Development Trusts NI, and the Building Change Trust.

Development trusts work from the premise that regeneration can only really work if the people who are most affected by poverty and marginalisation are empowered and given the opportunity to steer, participate and help deliver the transformation of their community. They operate in urban and rural settings, often in neighbourhoods that have experienced the worst economic decline; all have a defined sense of place. However, some development trusts have developed so that communities of interest and identity such as women, and people with disabilities can come together in a local area.

They are community 'anchor' organisations, delivering services and facilities, finding solutions to local problems, and helping other organisations and initiatives succeed. Their activities include: property, land and community 'asset development'; managed

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Building Change Trust

The Community Foundation for Northern Ireland
supporting people, strengthening communities, building peace

workspace; community businesses and economic development; arts and cultural industries; sports and leisure facilities; tourism; retail and market space; town centre management; sustainable building products and restoration; environmental improvement; renewable energy; housing; community transport; young people's projects; education; employment skills and training; information services; crime prevention; health centres; countryside management; and horticulture and agriculture.

Numbering over 500 in the UK, development trusts make profits through trading; and securing, building and managing assets for their communities such as buildings, land and equipment. Their profits are not-for-private benefit or gain; rather they are used to create community wealth and are reinvested to create a lasting impact on the renewal and improvement of their locality.

In order to be financially sustainable, they aim to avoid over-dependence on a single funder, and also aim to reduce dependence on grant aid in the long term. However, they recognise that in poor communities there may be a continued need to receive public or charitable investment.

Development Trusts Values and Principles

While there is neither one model for trusts nor one set form of legal structure, development trusts share a common set of characteristics which vary in their location, priorities, origins and / or their names. All share or aspire to a number of basic principles and values.

Empowerment: community ownership and control of their own futures, assets and leadership.

Accountability: to local people (realised in their: work, practice style, governance and the composition of their boards of management); as well as to the wider community enterprise movement.

Mutuality: by sharing skills and experiences, risks and resources and working together people can succeed.

Diversity: promoting diversity and equality as a source of strength within communities and their organisation.

Independence: communities must be independent and self-sufficient.

Partnership: communities can grow through the strength of their partnerships with community, voluntary, public and private organisations.

Sustainability: helping to create viable and sustainable communities through long-term integrated and well-managed economic, social, environmental and cultural re generation of a defined area or community (in its broadest sense – its economy, environment, facilities, services and community spirit).

Self-sufficient or aiming for self-sufficiency (not solely grant-reliant).

Not-for-private-profit: creating assets in the community and profit making but not for private gain (profits are re-invested in the community).

Combating Poverty through community enterprise

Development Trusts are part of the community enterprise movement, which is itself part of a wider social enterprise movement. Whilst 'social economy' is the term for voluntary and community organisations involved in enterprise activity; and 'social enterprise' is the term to describe those (often individual entrepreneurs) trading for social purpose, 'community enterprise' is the term used for trading with social purpose with a community base (Development Trusts Association Wales).

Community enterprise is about creating wealth in communities – and keeping it there. In this context, community enterprise is understood to mean:

"Development trusts are based in some of the most deprived areas of the UK, and have made it their mission to tackle poverty and disadvantage. They are owned and led by people living in their own community, and they use enterprise to create, circulate and anchor wealth in their area. If we are serious about eradicating poverty, we need to support community-led organisations that are enterprising and solution-oriented, motivated not by the quick fix, but by the long-term prosperity of the whole community." Development Trusts Association, now Locality

- *Community-led organisations – for community of place, interest and identity.*

- *A self-help ethos – while they achieve much in partnership with local authorities, businesses etc, they avoid dependency.*

- *A belief that communities themselves are the best agents of their own renewal.*

- *Recognition that philanthropic and welfare approaches by themselves are not enough – enterprise is necessary for sustained change.*

- *Trading for social purpose – where surpluses are reinvested in further enterprise development and for community benefit.*

- *Community ownership of assets (buildings, land etcetera) in order to build business capacity and achieve community goals.*

The Joseph Rowntree Foundation concluded that community enterprises alleviate poverty in a number of ways: by giving a voice, and access to resources and decision-making to those without power; acting as a driver for service improvement; supporting local wealth generation; and contributing to building skills and self-confidence. It found that development trusts delivered programmes that engaged directly with problems linked to poverty such as access to finance, unemployment reduction, health improvement, education, crime reduction, the physical environment, access to key services, and community cohesion. (2008)

Meanwhile Projects

As well as the ongoing, long-term work of development trusts, they are also engaged in temporary innovations such as Locality's Meanwhile Project.

"**'Meanwhile use'** is the temporary use of vacant buildings or land for a socially beneficial purpose until such a time that they can be brought back into commercial use again. It makes practical use of the 'pauses' in property processes, giving the space over to uses that can contribute to quality of life and better places. Meanwhile use is not the same as a normal temporary lease or license because it recognises that the search for a commercial use is ongoing." *(Meanwhile Project)*

'Meanwhilers' are typically community based, micro-entrepreneurs. They bring spaces such as empty shops (often vacated due to the economic down turn) into temporary community use for the 'meantime' while they have no economic use. Local and regional government play a supporting role by: exploring what parts of the planning, rates and licensing systems need revising in order to allow community enterprises to take control of wasted resources on their main streets, commercial and residential centres.

Whilst new in the UK (catalysed by the Westminster Government's 'Revitalising Town Centres' policy in 2009), in Germany the planning system deals systematically with meanwhile use as a matter of course.

Research last year found that over 250 meanwhile projects were in place or in preparation in the UK, with 75% in vacant retail units and others in: offices, empty homes, pubs, car showrooms, and delayed building sites. More than half of these projects were arts/ culture related but others are involved in learning opportunities, advice and information and businesses.

The Meanwhile Project has worked to develop a meanwhile lease and insurance product; developed a Rates Matrix to clarify payment rules; and successfully advocated for changed planning powers.
www.meanwhile.org.uk
Ning: *www.meanwhilespace.ning.com*

Public Asset Transfer

Public asset transfer is an important means to establish and grow development trusts. Public Asset Transfer (also called Community Asset Transfer) is a change in management and / or ownership of land or buildings from the public sector (most commonly local authorities) to communities. It can also refer to equipment, and natural assets (woodlands, materials for recycling). The most popular asset genre is community centres, others include: parks and playing fields, offices, schools, libraries, youth clubs and swimming pools. Assets marked 'for transfer' are most commonly linked to the provision of discretionary services, or declared as surplus to requirement.

Empowering Communities

Community empowerment is the purpose of community asset transfer according to the milestone report: 'Making Assets Work: The Quirk Review of Community Management and Ownership of Public Assets' (2007). (To which the Government responded with a co-ordinated implementation plan 'Opening the Transfer Window' (2007).)

The Quirk Review explored how to optimise the community benefit of publicly owned assets by considering options for transfer of asset ownership and management to groups in the community and voluntary sectors. It concluded the following.

1. Any sale or transfer of public assets to community ownership and management needs to realise social and community benefits without risking wider public interest concerns, and without community purposes becoming overly burdened with asset management.

2. The benefits of community management and ownership of assets can outweigh the associated risks and opportunity costs. If there is a rational and thorough consideration of these, there are no substantive impediments to the transfer of public assets to communities.

3. There are risks but they can be administered and managed. The essential ingredient in successful asset transfer is to have all parties working together. This needs political will, officer imagination and a more business focussed approach from both the public and community sectors.

Successful Transfers: considerations and cautionary notes

Research by the Asset Transfer Unit identified that successful transfer requires: a strategic approach to asset management; local authority buy-in (from officers and members, cross-departmental teams); technical expertise (within the local authority and / or community organisation); and sufficient investment capital.

For their part, communities must explore options and develop a sound rationale for asset transfer based upon need, capacity and sound business planning. Moving from vision to planning to implementation can take several years; therefore, organisations need to take a long term approach.

There are some cautionary notes. Firstly, not all land and buildings are assets; and some are liabilities. Land and buildings only constitute assets if they are capable of generating new revenues or, failing that, if there is a state source of subsidy in the form of grants, or endowments from elsewhere. The aim for community groups is to have an identified asset transferred to them either with little or no cost.

Secondly, asset development isn't appropriate for all organisations. To undertake asset development, community organisations' staff and Boards need a range of skills, knowledge and governance in order to buy, develop and manage assets. Because asset development can be complex and involve risk (finance, legal, design and planning), it is important to get good professional advice and support throughout the process and ongoing basis. Given the presence of well established social enterprise development organisations in Northern Ireland, community and voluntary organisations may seek advice and / or establish formal collaborations with such a body in order to progress asset transfer.

Benefits of Public Asset Transfer

The following benefits of public asset transfer for communities and government have been identified by community, voluntary, public and private sector actors in Britain.

- *Reduction in the costs and responsibilities of an under-used or unused asset, delivering long-term revenue savings.*
- *Availability of capital investment to rehabilitate or regenerate public facilities, without drawing on over-stretched public sector capital budgets.*
- *Rent-back schemes creating mutually beneficial co-location of services.*

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• Multi-purpose buildings with different service providers, which can help break down silos in the delivery of public services, increase client numbers, improve quality of services and strengthen capacity to respond to community needs.
• Reduction of grant dependence and increases in sustainability and resilience in the community and voluntary sectors.
• Attraction of new investment and promotion of enterprise and employment in deprived and under-invested neighbourhoods.
• Support for community-based skills development, volunteering, job creation, and business development.
• Heightened sense of civic pride and responsibility.
• Meaningful stake for local people in the future development of the place in which they live and/or work.
• Contribution to more effective and more intensive use of local resources; and
• Improvement of the quality of the relationship between the citizen, the community and the state.

Legislative and Policy Levers

In Northern Ireland there is no specific regulation governing the transfer of public assets, where consideration may, in part, be other than money. Guidance issued by the Central Advisory Unit of the Land and Property Service states that there may be occasions where disposals may be proposed on terms less than best price, where other benefits will arise. In such events, such benefits must be clearly identified and justified by the relevant public body's accounting officer and approved at Ministerial level. Specific reference to these "exceptional" occasions is made under Section 9.4 of the 'Central Advisory Unit Disposal of Surplus Public Sector Property in Northern Ireland' guidelines (March 2010).

In other parts of the UK legislation and policy on asset transfer as well as the strategic investment of public funding in independent co-ordinating bodies has facilitated the growth of the development trust movement. The legislative levers include: in **England**, the General Disposals Consent (England) Circular (2003); in **Scotland** the Land Reform (Scotland) Act (2003); and in **Wales** the General Disposal Consent (Wales) (2003).

In 2005, HM Treasury issued guidance to accounting officers, clarifying claw back procedures and explaining that claw back should be applied proportionately and in ways that avoid becoming a disincentive for community enterprise. This was followed in 2006 with the Treasury publication: 'Improving financial relationships with the third sector: guidance to funders and publishers'.

As noted, the 2007 Quirk review and the Government's response 'Opening the Transfer Window' were policy milestones.

Supporting Development Trusts

The experience of Scotland, Wales and England highlights the importance of resourcing development trusts through the work of membership associations. There are well-established co-ordinating bodies for development trusts in England, Scotland and Wales. These associations are independent, practitioner based membership organisations, which promote and support the growing network of development trusts. Development Trusts NI was launched in October 2010. (See Future Directions)

Government funded bodies such as the Asset Transfer Unit (ATU), and programmes (for demonstration projects such Advancing Assets for Communities (2008-2011) and technical support such as the Community Assets Programme (2008-2012)) have been vital catalysts. The Asset Transfer Unit is funded by the Department of Communities and Local Government and delivered by Locality in association with Community Matters and the Local Government Association. Its functions include provision of: a **one-stop-shop** for sourcing relevant policies, legislation, good practice guidance and case studies, expert commentary, and practitioner input; **information, advice and referral** for the public sector and community enterprises; and **promotion and marketing:** educating, influencing, and effecting cultural change. (See Contacts)

Future Directions

Development Trusts NI

Development Trusts NI was launched in October 2010. It has appointed a Director and is working to develop its membership base. DTNI is engaged in ongoing discussions about the strategic growth of development trusts in Northern Ireland. The new Programme for Government provides an opportunity for a commitment to a resourced policy framework for development trusts.

The Building Change Trust

The Building Change Trust (BCT) has supported work to progress the growth of development trusts in Northern Ireland with an emphasis on asset transfer. This has been informed by the prioritised issues identified in consultations with the community and voluntary sectors (see Policy Basics Issue 1: 'The Community Sector in Northern Ireland: Responding to challenging times'), and a study visit facilitated by the Observatory to development trusts in London (2010). A seminar on community asset transfer was organised by a BCT-funded Charity Bank project (winter 2010); and BCT organised a further study visit to development trusts in Scotland (summer 2011). In early 2011, BCT made an Exploring Change Award to Development Trusts NI.

Contacts

Development Trusts Associations

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England Locality www.locality.org.uk [formed in 2011 through the merger of the DTA and the Association of Settlements and Social Action Centres]

Scotland Development Trusts Association http://www.dtascot.org.uk

Wales Development Trusts Association http://www.dtawales.org.uk

Asset Transfer Unit www.atu.org.uk
Meanwhile Project www.meanwhile.org.uk

References

Development Trusts Association (May 2007) On the Borderline: development trusts tackling poverty in the UK http://www.dtascot.org.uk/sites/default/files/publications/ontheborderline.pdf
This publication provides case studies from across the UK including Northern Ireland, which demonstrate community-led action and reflections on learning. There are examples of development trusts, which focussed on financial exclusion, debt management and access to affordable credit.

Development Trusts Association Scotland (2010) Public Asset Transfer Empowering Communities: Policy and Practice across Scotland http://www.dtascot.org.uk/sites/default/files/PAT4.pdf
This publication provides a background to and overview of asset management transfer in Scotland including the policy framework and case studies.

Joseph Rowntree Foundation (September 2008) What role for community enterprises in tackling poverty? http://www.jrf.org.uk/sites/files/jrf/2299.pdf [The JRF has funded a two year programme Community Assets]
This publication discusses how community enterprises contribute to tackling poverty.

Meanwhile Project (2010) No Time to Waste… The Meanwhile Use of Assets for Community Benefit http://www.meanwhile.org.uk/useful-info/misc/Meanwhile_Project_16pp_sml.pdf
This publication is an introduction to meanwhile use.

Observatory

The Community Foundation for Northern Ireland has resourced and advocated for social justice and sustainable peace in Northern Ireland by promoting community-based action and influencing policy development over three decades. Building on this tradition, the Observatory aims to promote economic justice and combat poverty. Economic justice must touch the individual, communities and wider society. It is concerned with:

- *respecting the rights of all people to an equal participation in, share of and benefit from the economic resources of a society;*

- *protecting members of society who receive an inequitable share of these resources; and*

- *promoting the equitable, progressive redistribution of economic resources within society so that all may realise their fullest potential.*

The Observatory asserts that the community sector is an equal partner within Northern Irish society during the current recessionary and change period. It aims to contribute to the strategic transformation of the community sector by:

- *connecting community groups with local and regional policy agendas, and*

- *producing relevant, accessible, authoritative and influential policy intelligence that articulates voices from the community sector.*

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