Empowering Communities
Community Asset Transfer & Ethical Property Development in Northern Ireland

Tuesday 29th January 2013
Crumlin Road Gaol, Belfast

Event Report
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The Engage System

What is Engage?

Engage is a lean and sustainable form of Electronic Town Meeting that was developed in the University of Ulster. The Town Meeting has been a means of participation in local government practiced in the U.S. region of New England since colonial times, when an entire community was invited by government officials to gather in a public place to formulate suggestions or provide feedback on policy actions.

In its modern version, an Engage event, citizens can participate in debates and express themselves individually on the issues, all facilitated by the Engage software and methodology.

The Client, Joseph Rowntree Foundation and the Building Change Trust, wanted to use a digital platform that would assist in generating a real time record of the event and the discussion by seminar participants. The ‘Empowering Communities’ event was to launch two important pieces of research, Community asset transfer in Northern Ireland (appendix one) and Ethical Property Development (appendix two).

The seminar provided those attending with an opportunity to discuss key findings from the research and to provide additional comment particularly in respect of legislation, resources and the uses of public assets. Outlined in this report are the moderated comments fed back by table facilitators as well as the research presented on the day. The moderated comments are intended as an accurate summary of the general flow of conversation. The comment from the table discussion is therefore a complement to the primary research.

The Main Features

The method combines the live aspect of small-scale discussion with ICT: on one hand it allows rapid transmission of work-group results to a plenary assembly; while on the other it permits surveys of individual participants’ opinions through a polling system.

Engage consists of four different work steps, all aimed at facilitating the participants’ discussion of the themes at issue:

- information and in-depth investigation, allowing the participants to gain confidence with the topics of discussion;
- discussion in small groups, allowing reciprocal listening and the confrontation between different perspectives;
- reflection, during which the results of group work are summarised and sent back to the whole assembly;
- polling step, in which participants are asked to individually answer questions generated during discussion.

While all comments and votes stored in the Engage system are anonymised, this final report from the event will be distributed to all participants, and may be passed to colleagues within the participating organisations and other interested groups. The report may also be made available for distribution and re-use under the terms of an open access and distribution licence.

Further Information

For more information about the Engage system, contact Brendan Galbraith at the University of Ulster - b.galbraith@ulster.ac.uk.
Contents of the Event

Empowering Communities - Asset Transfer in Northern Ireland

Local communities have been developing their own assets for much of the last 40 years, often through a shared sense of marginalisation and a ground-up call to action; sometimes with state assets, often with their own; the legislative and policy framework, however, lags behind that in GB.

The Joseph Rowntree Foundation (JRF) has funded research which has been conducted by Queen's University Belfast, exploring how Community Asset Transfer (CAT) is currently operating in Northern Ireland and what policy options can underpin and accelerate the process.

The Building Change Trust has been to the fore in promoting the debate around asset transfer and what this might mean for the community and voluntary sector (CVS) with regards to safeguarding its sustainable development. The Trust has supported Development Trusts NI, invested in research considering the utility of new ethical property company models and worked closely with the statutory sector to explore convergence of policy and practice on asset transfer in NI. The Trust remains strongly committed in promoting further debate, understanding the challenges and in identifying next steps in moving forward.

The final Programme for Government published in March 2012 includes a commitment to “develop and implement a policy framework on Community Asset Transfer with support from DFP”.

Progress on this commitment is gaining momentum, with departmental officials developing a policy forum and cross-departmental steering group.

This workshop explored what we mean by social value in the context of delivering public services; how we think it might be incorporated into policy development and commissioning; and issues in measuring social value. Our central purpose is to better understand the relationship between policy development and commissioning, the issues and challenges faced, and how social value can be integrated within the commissioning process.

Issues discussed

Three key themes for discussion were:

- A Legislative Framework
- Resources (Financial & Technical)
- Meanwhile Uses

The event consisted of one discussion session, with the session focusing on the three themes above.
## Event Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter/Notes</th>
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<tr>
<td>10.00</td>
<td>Coffee and registration</td>
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<tr>
<td>10.15</td>
<td>Introduction and welcome</td>
<td>Quintin Oliver, JRF NI Adviser Bill Osborne, Chair, Building Change Trust</td>
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<tr>
<td>10.30</td>
<td>Asset Transfer in NI (JRF</td>
<td>Brendan Murtagh, Queen’s University Belfast</td>
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<td>Research)</td>
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<td>An Ethical Property Trust (BCT</td>
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<td></td>
<td>Research)</td>
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<td>11.00</td>
<td>An Ethical Property Fund in NI</td>
<td>Colin Stutt, Community Foundation NI</td>
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<td>11.20</td>
<td>Asset Transfer in Practice</td>
<td>Jim Deery, Ashton Community Trust</td>
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<td>11.40</td>
<td>Q&amp;A coffee break</td>
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<td>12.00</td>
<td>Group discussion</td>
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<td>• Meanwhile Uses</td>
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<td>12.45</td>
<td>Response &amp; Next Steps</td>
<td>Michael Pyner, Development Trusts NI</td>
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<td>1.00</td>
<td>Lunch</td>
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Discussion Themes and Outcomes

Theme One: A Legislative Framework

In Northern Ireland, there is no overarching legislative framework which regulates how government (central & local) should dispose of its assets (buildings & land). For example local government cannot dispose of its assets at less than market value without prior agreement of the Minister for the Department of the Environment. Central Government and its agencies are more ad hoc in the disposal and transfer of assets. This may include transfer of assets by sale between departments and ‘gifting’ of assets in ‘exceptional circumstances’.

As the Voluntary and Community Sector becomes involved in the debate about the acquisition of public assets it must consider and articulate its needs. Does the voluntary and community sector (VCS) consider existing arrangements for transfer, to be open and fluid and sufficient or does it consider that a more robust, standardised and accountable framework is necessary?

General Comments and Word Cloud

- We need to begin by at least being aware that asset transfer is a possible option for managing public sector assets - legislation may come later
- Legislation is very important from the statutory sector point of view as they need guidance on the condition under which they can sell
- We need a clear definition and terms of reference both from statutory and community sector
- Government - local and national can transfer assets. Is there a need for legislation? What will be different? The culture of the civil service is to be risk adverse - for good reasons – so legislation may make it easier
- Community groups can also be risk averse
- There are inherent complexities of gifting sites e.g. Separate accounting procedures
- There is a lack of awareness in VCS in how to make asset transfer happen. Will legislation or guidance make this more understandable?
- A lot of agencies and departments are unable to classify their assets, and that has to be done before making informed decisions about the legislation too
- Councils have a series of options but the title of the asset may restrict action
- Legislation should include clauses to incentivise Departments e.g. Social impact as result of asset being transferred
- A clear point of contact for asset transfer would prove useful
- A central register of assets would also be needed to improve access
- Collaboration is essential between Government Departments and the voluntary sector
- There are lots of buildings and institutions that are not sustainable.
- The third sector needs for government to clearly articulate what its aspirations are in respect of the disposal of assets? Is it all about profit?
• The agenda needs to be about more than just working with deprived communities or get rid of "buildings" that are not of current use for departments

• Government needs to develop and set out an engagement strategy which will set out its own preferred direction of travel and leave this open for debate.

• Need to look at different models possible including lease and ownership - leasing doesn't leave people unsupported or exposed - legislation or an enabling framework should take account of all options

• Would like to see how the right to bid and right to buy progresses in the UK and how this might be taken up as either policy or legislation in NI

• Can the VCS deliver public services as efficiently as a local council if an asset associated with the delivery of a particular service (be that daycare or youth service for example) is transferred to it? What are the control mechanisms to ensure best practice? How do we develop these, is this more about ensuring appropriate work practice to deliver social impact and does this require legislation?

• Very important from the statutory sector as they need guidance on the condition under which they can sell - value of assets at market value?

• Market value - responsibility for public assets. There are ways round it - one government department funds the purchase of land from other government dept. In theory that works, at the end of the day, the risks are still there. If it doesn't work, assets go back to government so do we need to wait for Assembly to legislate?

• In terms of the legislation, we need to establish if central government will be able to draft 'enabling' legislation in the context that many vcs organisations will not be interested.

• Both locally and internationally, buildings trusts can point to examples where buildings have been restored and are good case studies. We also need to look at case studies where a vcs has decided not to go ahead on the basis of a sound risk assessment eg Portaferry Market House, offered for transfer by the council, but refused by a local community group.

• Disposal of assets has to go round all the departments first before it can be considered for public sale, this slows things down. We Can’t just have legislation, there has to be an enabling environment as outlined in the presentations.

Theme Two: Resources (Financial & Technical)

Undertaking for the transfer of public sector asset whether a building or land brings with it many new challenges for VCS organisations. There are technical issues in relation to planning and business development and significant financial challenges in start-up and in maintaining any new business venture. The VCS needs to articulate its strengths, its skills deficit and funding/investment requirements if it is genuinely interested in pursuing the transfer of public sector asset.

This discussion focused on issues such as the forms of finance most appropriate for the VCS and the capacity, business skills and entrepreneurship needed to make an asset transfer viable.

General Comments and Word Cloud

• Asset transfer should be another means for funding the VCS - an asset on the balance sheet has a market value

• Feasibility and business planning should come first, asset identification and transfer either later or in parallel
• Asset transfer should form part of the work of neighborhood action plans - local government needs to consider how this will fit with their remit post 2015
• We need seed funding for feasibility studies. The Architectural Heritage Fund will fund up to £10k for example
• Need for a more strategic fit between the funding providers and community sector
• We need to look at more creative ways of funding, including government match funding
• DFP need to critically engage with the debate - Minister Wilson has already bought in to the principle but we need to develop the principle further
• There is a need for a lead agency in government to oversee and identify finance options
• If the government can skew resources to repair and sustain its own buildings, noting they've become unusable under government control, then you stand a better chance of getting custodianship of them with the VCS
• We need formalized skills in the VCS, but they need to be tailored to the organisation
• Third sector groups have to demonstrate that their objectives can be met in a different way
• Technical: refurbishment, for instance, will require a technical set of skills. Could these skills be found outside the box? I.e. Private sector?
• Right to bid is a form of skewing, but how could resources be skewed in favor of transferring assets to the VCS. Selling at market value is another example of skewing.
• There is a need for those who have been successful through asset transfers to act as 'Exemplars'.
• challenge of sustaining work in the asset - educate and skill orgs in financial tools, management, etc - revenue support is deemed necessary
• What about succession planning? Management costs? Improve skills base in VCS regards property, business and management
• Spaces and places as an example of funding. E.g. Big Lottery. We need a dedicated programme - with attached funding. There is a need for risk capital for feasibility studies etc - who would provide this resource?
• VCS needs resources, eg accountants and legal experts at the start of a process but this will come with significant professional costs. This needs to be facilitated by government somehow.

Theme Three: Meanwhile Uses

If we agree that the transfer of public sector assets, including ownership and management, is a positive direction of travel for the VCS then we must consider by what means we advance the agenda. Given that this work is relatively new here it is unrealistic to expect that we can advance directly into an immediate programme of asset transfer. This will take time. However there may be a number of ways in which the VCS can involve itself in utilising public sectors assets immediately without over committing itself.

Local and Central Government have assets which can be given over to an ‘interim use’ and could be encouraged to provide short-term leases and licenses to enable community groups to offer services without the responsibility of maintaining a facility.

This session focused on issues such as what sort of could be given over to immediate usage, the type of activities is the VCS most likely to undertake and what sort of services do communities require that are not presently being met.
General Comments and Word Cloud

- There needs to be a reduction in short term rates and rent to support active use of meanwhile spaces
- Libraries, schools, leisure centers, youth clubs, health clinics, sports pitches/facilities are great assets that could be used
- Let’s expand our thinking beyond buildings - what about forests, rivers, canals and use for recreation and leisure, Allotments and gardening
- Ormeau Bakery shops are all empty. Is there potential for to pilot a project, e.g. a school used for an incubation center?
- Pop-up shops, small markets on small pieces of land in neighborhoods E.g. Killcoole Estate.
- Scale is important - hence need for collaboration
- Case studies of successful models needed to show opportunity
- In terms of meanwhile uses, you won't yet be able to point to a case study in many areas around Belfast for example, and we need help from Government to develop early case studies that can drive further community businesses, such as was done in Brixton.
- We should not underestimate the change of culture required in places like N Belfast. The VCS have been good at identifying their needs, but there's been insufficient change over the last 50 years in those areas. VCS are still in the mindset of just taking grants and doing the same thing over.
- Should a meanwhile user group be given first choice of purchase if the building can eventually be sold?
- There is potential for the development of more managed workspace - e.g. link with Enterprise NI network who could redevelop existing land/property
- Government departments have to come together and across the process for the asset transfer which will make developing legislation easier
- The seeds of policy are in existence, lessons need to be learned of how to make this easier for VCS including the business model for the "asset"
- Artemis had to go through many hoops in getting control of schools with numerous stakeholders. E.g. Artemis has service levels with 5 Government Departments and numerous other stakeholders
- There is not lack of will and there is a lot going on - small scales projects and maybe we can share more experiences and expertise. This must be something about finance and credit unions can help.
- List of all available assets to be made transparent? Communities could access available assets through a Public Sector Trawl.
- A Pop up restaurant in Crumlin Rd Jail
- Glenda in Sandy Row trying to get hold of Gilpins Mill is another example. It's owned by a private developer, but they're coming under increasing community pressure as well.
Summary of Key Responses:

1) A single legislative framework is needed and should connect with existing policies and procedures - developed through a participative dialogue with all relevant stakeholders.

2) Better partnership working across government departments to make meanwhile uses happen quicker – A commitment to the principle.

3) Share the lessons of how to make this easier for VCS including developing the appropriate business model for the "asset" being transferred.

4) Need for a supportive framework that’s not too prescriptive and pragmatic and common-sense based, and relevant for the private, public and third sector.

5) Collaboration and partnership - making better use of existing resources – develop a register of what we have including skills and talents.


7) Give orgs access & platform to use assets and allow them the opportunity to prove that it can be done.

8) We need to map out the process, what works - best practice – what are our finance options – how do we sustain it?

Comment from Development Trusts NI

“The lasting impression of the Crumlin Road Gaol event is the need for capacity. Capacity not only in the third sector to respond appropriately to the opportunities presented by asset transfer but capacity in the public sector to understand the agenda and engage in a positive dialogue with other stakeholders and finally capacity in Government to develop a guidance, policy and legislative architecture to maximise opportunity. DTNI will play its part in building capacity by partnering DSD in developing five pilots and building a membership that can add value to sustainable communities in Northern Ireland”. - Michael Pyner, Development Trusts NI
Social Media #CATNI

During the event, participants were encouraged to Tweet using the hashtag #CATNI. A summary of the Twitter activity is as follows:

- **Reach**: 78,473 accounts reached
- **Exposure**: 500,274 impressions
- **Activity**: 218 tweets, 48 contributors, 8 days
  - 15 replies
  - 71 retweets
  - 132 tweets

**Top Contributors**
- Highest exposure: @mickfealty
- Most retweeted: @ChangeTrust (14 retweets)
- Most mentioned: @mickfealty (39 mentions)

**Most Retweeted Tweets**
- 4. @mickfealty: Empowering Communities - #CATNI live blog from Belfast's Crumlin Road Gaol starting at 10am
- 2 days ago
- 4. @ChangeTrust: looking forward 2 working with @mickfealty tomorrow at #CATNI asset transfer event at crumlin rd gaol. Tune to taylortownsdroop at 1pm
  - 2 days ago
- 4. @mickfealty: what would you do with an empty building? Answers on a tweet please @mickfealty @stratagami
  - 1 day ago
Community Asset Transfer

- Asset led not needs led
- Three types
  - Stewards
  - Community developers
  - Entrepreneurs
- Northern Ireland lags behind in terms of policy, legislation, dedicated finance and support organisations
- National policy
  - New Localism Act 2011
  - Strong policy in Scotland and Wales

Joseph Rowntree Foundation
Asset Transfer and Ethical Property Development
Empowering Communities
Queen’s University
Harb Goggin: Small Change
29th January 2013

Assets, ethical property and recycling resources

Outline
- Asset transfer and ethical property, not a new concept
- Community Asset Transfer
- Impacts and value added
- Diversity and potential
- Issues in developing asset transfer
  - Legislation
  - Skills
  - Finance and resources
- Implications

The regulatory environment
- The Localism Act (2011)
  - The General Power of Competence
  - The Community Right to Challenge
  - The Community Right to Buy
The downside of asset transfer?

Social effects

- Developing the financial resilience of community groups
- Developing the skill base and especially a culture of social entrepreneurship
- Developing social solidarity by providing a focal point for community engagement, involvement and exchange; and
- Creating opportunities for conflict transformation

Housing assets transferred

Local economic development

- Strathclyde in Inverness
- Removed derelict eyesore for productive economic use
- New businesses and jobs created in the area
- The main benefit of controlling the community asset is really down to cost... with low running cost there is more profit available to be pumped back into other projects (SCE Chairman)

The impact of assets

Skills and Knowledge

- Strategic and Business Planning
- Sources of Finance
- Financial and Social Impact Measurement
- Risk Management
- Financial Stakeholder Marketing
- The Procurement Process
- Embedding the Plan
- Advocacy

- Removing blight, developing derelict buildings and land
- Integrated service provision
- Developing dedicated, high quality health, childcare, education and recreation;
- Providing training, access to the labour market and jobs
Risks and uncertainty

- Community capture
  - Who is the transfer to
- Accountability
  - Governance and regulation
- Conservatism
  - Transfer, collateral and reserves
- Competence over time
  - Skills and knowledge
- Sustainability and financial supply
  - Innovation from the sector

Implications for ethical property development and asset management

- Policy
  - Arms that articulate what asset transfer is for
- Legislation
  - Register of interests
  - Right to Bid and General Disposal Consent
- Finance
  - Incentive finance, VAT on refurbishment
  - Investment in capital
  - Social finance and patient capital
- Skill Knowledge and learning
  - Investment readiness
  - Sharing practice
- Systems
  - Accounting for social value

The Ethical Property Company

- Started in 1982
- 40 staff
- 15 Centres hosting third sector organisations
- 230 tenants
- £17m book cost
- Turnover £3.2m
- In 2010 share issue raised £1.7m
- Strong emphasis on heritage (and complex) buildings

Potential and markets

- Student housing
- Hostel and backpackers experiential tourists
- Ageing and place
- Community hubs and social enterprises
- Research and feasibility
- Finance to speculate
- Community hubs and social enterprises
- Asset transfer
Ethical Property Investment in Northern Ireland

Colin Stott
Trustee
Community Foundation for Northern Ireland
29 January 2013

Sharing Premises and Costs

- Community Action Network
- Local Examples

Community Foundation

The Community Foundation for Northern Ireland (CFNI) has been considering two interrelated issues over recent months:
- How to safeguard the sustainability of the voluntary and community sector in Northern Ireland by promoting cooperation, collaboration and sharing of resources between voluntary and community organisations, and
- How to increase its ability to make grants from its capital endowment, which stood at just over £14 million at 31 March 2011. The Foundation’s endowment is currently invested in stocks and shares and the income from those investments is used to finance part of CFNI annual grant making, which runs at about £5 million per annum.

Ethical Property

- Ethical Property Company Plc.
  - Formed 1998
  - Funded by share issue raising £1.7 million
  - 1852 properties
  - Initially 7 centres
  - Now £35 in 8 sites in England and Scotland
  - 35,000 sq ft supporting 730 tenant organisations
  - Also conference business and property consultancy for the 3rd sector
  - Counterparts in France, Belgium and the Netherlands

CFNI Roles

- CFNI plays various roles
  - Incubator
  - Collaboration with others
  - Independent Funder
  - Role Model
  - Investor
  - Best practice and Innovation

- In investor role has an interest in potential investments which
  - Promote cooperation and collaboration between VCS & SE organisations
  - Offer a higher return than investment of the same amount in stocks and shares, and
  - Diversify its assets

Ethical Property (ii)

[Financial Statements]

- 1.0% £304,246
- 1.1% of
- 80%
- 7%
- 83%
Back to Northern Ireland!

During 2013 CFNI was actively seeking opportunities to invest in similar centres in Northern Ireland. Such investments would have the objectives of:

- Increasing CFNI's return on investment (and, therefore, its grant-making capacity).
- Diversifying CFNI's investments.
- Contributing to the sustainability of other voluntary and community organisations in Northern Ireland by providing flexible, lower cost property opportunities.

Opportunities exist:
- Armagh House in Ormeau Avenue
- MLA Rural & Community Centre
- North Belfast
- 1 Yule
- Queen's Memorial Church
- Ormeau Residents
- West Belfast - Carlisle Town Centre
- East Belfast - £500 site.

But there was a dilemma:
- CFNI has funds but no property
- Ethical property developers in Northern Ireland have expensive development costs.

Consultancy Study

- The study undertaken by EMR, 360 and EEC, a consultancy specifically commissioned by CFNI, is now complete. The consultancy team had the task of:
  - Assessing the impact and effectiveness of the CFNI property investment to date.
- The study confirms that the investment in the able and minded is paying off, with many organisations now using the facilities provided by CFNI.
- The study recommends that CFNI should continue to invest in property to meet the needs of the community.

The Concept

The Concept is about working together.

Current Situation

Working Together

Outcomes

Operationalising the Concept

CFNI considered 4 options to make the concept a reality:

1. CFNI could react to suitable applications for loan or equity funding of ethical property investments as they arise.
2. CFNI could declare itself open for such applications and actively seek them out.
3. CFNI could form a consortium of potential investors in ethical property in Northern Ireland.
4. A final option would be to actually establish an ethical property fund by partners contributing to a fund which would then operate independently.

Watch This Space!
COMMUNITY ASSET TRANSFER IN NORTHERN IRELAND

This research examines the policy environment, scope and impact of community asset transfer in Northern Ireland. It shows that considerable progress has been made, but that legislation, skills and new forms of social finance would help to maximise the benefits of asset transfer.

Key points

- Community asset transfer is not new in Northern Ireland, but it is considerably less well developed than in the rest of the United Kingdom in terms of the number, size and impact of schemes.

- Projects that have been developed have improved environmental, health, and labour market outcomes and controlling assets has enabled larger social enterprises to develop.

- Asset transfer has also supported cross-community contacts that have enabled innovative responses to the management of contested spaces between Protestant and Catholic neighbourhoods.

- There are supportive officials in a range of organisations that have pursued progressive asset transfer, but there are legal, institutional and financial barriers to its longer term development.

- In particular, there is a need to consider legislation that would enable communities to challenge service provision and transfer property as well as making it simpler for public agencies to dispose of assets at below best market value.

- Changing cultures will also require new public finance guidance and a better understanding of accounting for social value.

The research
By Brendan Murtagh, Elaine Bennett and Lisa Copeland from Queen’s University, Belfast and Niadh Goggin from Charity Bank.

NOVEMBER 2012
BACKGROUND

This research reviewed community asset transfer in Northern Ireland, examining why practice in the region seems to lag behind the rest of the UK.

The community and voluntary sector has had a significant impact on community relations and peace building. But the changing nature of welfare, public sector cuts and poverty will require different skills, resources and models of practice for the sector in the future. Asset management involves challenges, but also opens possibilities to expand local ownership and recirculate resources within disadvantaged areas.

Asset transfer in Northern Ireland

There are various forms of asset transfer; from small-scale, peppercorn rents and licenses to the legal transfer of title to enable larger-scale social enterprises to develop. In Northern Ireland, transfers tend to be small-scale, where ownership is retained by a statutory sector landlord.

Successful asset transfer can bring social, environmental and economic benefits, stimulating wider regeneration processes as well as more sustainable community businesses. Asset transfer also has the capacity to address the physical separation of Protestant and Catholic communities, reduce wasteful duplication of services and build shared resources, trust and relationships, even in the most divided communities.

The Suffolk-Lenadoon Interface Group (SLIG) used land and property owned by the Housing Executive to develop retail, childcare and training facilities. The scheme was jointly developed and managed by Protestant and Catholic communities and has helped build trust and reduce violence and anti-social behaviour.

The Ashton Community Trust in north Belfast started with a community share scheme, which subsequently enabled investment from central government and EU Structural Funds to build a multi-purpose community facility integrating childcare, commercial and community uses.

Kilcooley Community Forum is an area-based regeneration organisation working on a disadvantaged post-1960s housing estate in Bangor, North Down. The Housing Executive supported the development of an allotment scheme for local people, which supplies produce to an over-50s diners’ club.

Needs and asset-led approaches

The concept of asset transfer challenges Northern Ireland’s preoccupation with needs-based approaches to neighbourhood development. Understanding need is important, but area-based strategies have often led to resource competition, dependence on external help and a deficit model of local planning. Resilience and adaptation need to be a stronger feature of area-based regeneration. Transferring control of land and buildings to communities might help shift planning approaches in this direction.

A focus on social capital has dominated approaches to segregation, community participation in politics and building relationships within and between communities and the public sector. These approaches have their time and place, but a stronger balance is needed between social, community and physical capital to generate more sustainable models of growth.
Policy, practice and legislation

There is significant policy interest in asset transfer in Northern Ireland, with commitments from the British-Irish Council, the Programme for Government and a new policy being formulated by the Department for Social Development (DSD). Local authorities and agencies such as the Housing Executive are keen to develop asset transfer programmes to achieve regeneration, cost-saving and community relations outcomes.

The Asset Management Unit of the Government’s Strategic Investment Board is developing an asset register and departmental asset strategies to raise an estimated £100 million through the sale of public assets. These include surplus health facilities, closed schools and reserved land for abandoned road schemes. The Unit is open to ideas about putting these assets to productive use. The three-year, £15 million modernisation fund has strengthened the physical infrastructure for the voluntary and community sector, but there are few dedicated community asset transfer investment programmes in the region.

Effective policy development and delivery will require investment in skills, social finance products and new delivery mechanisms (such as community share initiatives). Practice across Britain is supported by new legislation through the Localism Act 2011, establishing local property rights through the Right to Challenge and Right to Buy. It is too early to fully assess the impact of the Act on asset transfer or the strength of community ‘property rights’, but legislation and instruments such as General Disposal Consent can help to strengthen the enabling environment. While the Scottish Executive has taken steps to support asset transfer through the Community Right to Buy, social clauses in procurement in Northern Ireland have been slow to emerge.

Lack of progress on transfers is partly explained by a lack of skills to develop investment readiness through effective business planning and financial management. There are third sector models being developed, such as the Building Change Trust (see box below) and its related investment in Charity Bank. While these are largely experimental, they demonstrate the community sector’s capacity to innovate and provide a supportive infrastructure on which to build.

The Building Change Trust was established in 2008 with a £10 million grant from the Big Lottery. The Trust aims to make up to 20 Deliver Change awards of £50,000 to strengthen organisational sustainability up to 2013. It also has a Partnership, Collaboration and Mergers support programme and, through Charity Bank, a Social Loan Fund. Around £4.2 million worth of lending to social enterprises is planned by 2018, supported by an Investment Readiness skills programme.

The wider debate

The research encouraged wider debate about asset transfer via a stakeholder conference and an online seminar, involving representatives from the community, voluntary and statutory sectors. This highlighted a number of issues in relation to current policy and practice. In particular, there was frustration in the community and voluntary sector with the regulation of asset disposal, especially as vacant and surplus properties were not used to meet local needs. Community enterprises have developed their own sources of finance, such as the Ashton Community Share initiative, but not all organisations have the capacity to take on loan funding.

The full economic, administrative and personal costs of asset transfer need to be better understood in light of concerns among community organisations that risks and liabilities may surface downstream following transfer. There was a degree of cynicism about who was driving asset transfer and whether it was really about efficiency savings and government withdrawal from welfare. However, there were more positive reflections on a progressive version of transfer that empowered and enabled communities through new forms of property ownership.
Conclusions

Policy in Northern Ireland needs to reflect what asset transfer is for: the resilience and adaptive capacity of disadvantaged communities, not cost efficiencies for the state.

Legislation should underpin effective practice, make community asset transfer a priority and ensure transfers are managed effectively and efficiently. This includes a community Right to Challenge and Right to Buy, which offer a different concept of property rights. A type of general disposal consent would help make transfer more transparent, but should not be confined to local government. Financial guidance on the disposal of public sector assets to the community and voluntary sector could further support a progressive attitude to asset transfer by public sector agencies. The Social Enterprise Investment Fund typifies the approach of that needs to be supported and up-scaled.

The Social Enterprise Investment Fund is one example of innovation in Northern Ireland, in which the Ulster Community Investment Trust (UCIT) has partnered with Big Issue Invest (BII) to offer a new source of finance to social enterprises. Medium- and long-term funding and ‘equity-like’ investment solutions provide growth capital to social enterprises with the potential for scale and sustainability.

Resources are required to underpin policy. Patient capital, community shares and even private ethical investment could be developed alongside community finance to create mixed sources of funding for the community and voluntary sector. Different skills and knowledge are needed to enable asset transfer to be delivered effectively, including investment readiness skills in both government and the voluntary and community sector. There needs to be a stronger culture of learning and a commitment to co-producing policy and sharing best practice. Access to technical expertise around finance, business planning and legal services is required to support practitioners and policy-makers. Finally, better systems are needed to measure and account for social value and the full economic effect of asset transfer in benefits for the state, the sector and local communities.

About the project

This study is part of JRF’s Community Assets programme. It was carried out by a team from Queen’s University and Charity Bank Northern Ireland, and consisted of a review of policy and practice in Northern Ireland; a series of semi-structured interviews with 20 policy-makers, NGOs and funding organisations; and 10 case studies of asset transfer. Online presentations, case studies and personal testimonies stimulated a wider debate, which fed into a policy-based seminar involving practitioners from across the UK.

FOR FURTHER INFORMATION

This summary is part of JRF’s research and development programme. The views are those of the authors and not necessarily those of JRF.

The main report, Community asset transfer in Northern Ireland by Brendan Murtagh, Niamh Goggin, Elaine Bennett and Lisa Copeland, is available as a free download at www.jrf.org.uk

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Potential options for Northern Ireland

There are a number of options to take the project forward regionally and these include:

- A limited number of community and voluntary sector organisations with property portfolios could work on an informal networked basis and use grant income to partner on specific initiatives and share skills to attract fully grant aided projects.
- A second option would be to incentivise the EPC into the Northern Ireland market place and bring with it their skills and expertise especially in consultancy, share issues and access to London based ethical investors. The regional impact might be limited, especially if surpluses return to London and may not be reinvested in local projects.
- A third option would be to establish an integrated Ethical Property Fund such as that proposed by CFNI along with development functions. Core professional staff in valuation, quantity surveying and project management could lead the development arm and along with recurrent revenue costs such as rent, professional fees and development charges this could be a low cost option.
- A further option could be based on pooling the assets of a larger number of property-based social enterprises in order to strengthen borrowing power, develop partnership working and share risk. However, the complexity of governance, financial regulation and legal protection would add to the transaction costs necessary in this option.
- The final option is the establishment of an Ethical Development Trust (EDT) which could be set up to pilot test property speculation, market research and bringing deals to the table. The overall aim would be:

  To develop land and property for the sustainable social, economic and environmental benefit of communities in Northern Ireland.

Such an option could be developed as a viable project and its work would be directed by four operational objectives:

1. To strengthen the level of investment in ethical forms of property development;
2. To create assets and resources for wider community use;
3. To regenerate contested sites and strengthen the shared use of land and property in the most excluded and disadvantaged communities; and
4. To develop expertise in asset and utilities management for and in the community and voluntary sector.

Potential market areas

Clearly, the EDT would be suitable viable projects, secure funding (from sources) and oversee delivery. However, there are a number of other potential for ethical property development and management. These include:

- The potential of student accommodation linked to new developments in Belfast’s York Street campus or Titanic Quarter;
- Budget hotel and/or backpacker accommodation where there is a need to accommodate current and potential tenants;
- Ageing and place and meeting the needs of an ageing society and community and voluntary sector more socially just approaches to privatization of older peoples care;
- Community hubs, which is a trend for ethical investment and has been successful models in Community House, Ballibod Hob, DiverseCity Community Partners;
- Community Asset Transfer and the development of viable schemes, DSD’s new policy on asset transfer with a number of agencies and those who are developing their own programmes;
- A specific focus on shared space, term management of interfaces;
- Property speculation and land on which we would focus on distressed stock that has long term potential for development.

This research explored the potential for property development and how to leverage experience and practice in the region. There is a clear opportunity for the sector to innovate and pilot test an Ethical Development Trust and explore markets with potential for long term speculation. The work of Building Change Trust on the feasibility of an ethical development fund has the potential to help create the infrastructure to enable new approaches to community led asset development.

Building Change Trust

Ethical Property Development

An analysis of the feasibility of an ethical property company in Northern Ireland

Ashton Community Trust and East Belfast Partnership

Brendan Murtagh, Queens University and Niamh Goggin, Small Change 2012

Preface by Building Change Trust

In 2010 Building Change Trust made an Exploring Change Award to a partnership of Ashton Community Trust and East Belfast Partnership to explore the potential development of an ethical property company in Northern Ireland.

We are grateful to both partners for their commissioned research for providing this research summary for publication and wider dissemination and believe that it can make a significant contribution to this issue. In thinking about the outcomes we would like to see from our work in the sector we have settled on a sector that is Collaborative, Sustainable and which learns and is Influential.

This piece of work addresses all of these potential outcomes.

Whilst it is clear that community and voluntary organisations in Northern Ireland have always been dynamic, the current challenges associated with the decline in availability of grant funding, a move to contracting for services, the impact of the recession and the challenges associated with building a shared and inclusive future to look at new opportunities for income generation, to meet community needs and to work together, Innovation is not the preserve of the private sector and now is the time to explore innovative solutions to old and new problems. The debate about assets makes a valuable contribution to the need for innovation in the voluntary & community sector.
The ethical property environment

In expanding these types of developments, it is important to note that the environment in Northern Ireland contains both threats and opportunities. Housing, commercial property and land markets have been depressed, capital supply is weak and the performance of community property portfolios volatile. However, these very conditions make speculation, in the short to medium term, a productive strategy for organisations with the resources and who can control the risk.

Policy support and finance is not strong but there are important development enablers: the publication of urban regeneration and community asset transfer strategies; the potential development of an ethical property investment fund by CFNI; and new loan products aimed at start-up social enterprises from Invest Northern Ireland.

There are also a range of grant based programmes that could support the development of new ethical property formats in Northern Ireland. This includes Priority 2 of the PEACE Programme, Big Lottery’s Spaces and Places and the Social Investment Fund.

Financing ethical property development

There is a mixture of grant and funding available but the supply in Northern Ireland is patchy. The recent ECORYS (2012) review of social finance highlights the availability of: grants; loans (secured and unsecured); equity and quasi-equity; and Social Impact and Charitable Bonds as a range of financial instruments sought by social enterprises. Critically, for the proposed ethical property initiative, they point out that there is little evidence of supply in equity and bonds. There is also a shortage of financial resources at the other end of the social finance spectrum, especially patient capital and start up funding. InvestNorthernIreland is launching a new £5m revolving loan fund, aimed primarily at small businesses with loans of up to £50,000 (at 8%-12% interest). These will be targeted at social enterprises, with a proportion (5%, £2.5m) protected available for NRAs and NEEI related activity.

Core functions and potential scope

The table below shows the key stages involved in the conventional property development cycle. Different levels of risk are associated with each and phase involves a discrete and marketable set of tasks. An ethical development company could concentrate for example on scheme identification and the evaluation of prospective projects. The next phase involves raising finance in order to put the scheme together and whilst it is high risk it is also high reward.

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<td>Evaluation</td>
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<td>1</td>
<td>Opportunity site identification</td>
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<td>Market analysis and background research</td>
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<td>Site investigation</td>
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<td>Financing</td>
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<td>Planning application and statutory approvals</td>
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<td>Site assembly and purchase</td>
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There is a need for different types of finance at different stages of the development process. New ethical property company will require a mix of finance for the types of functions outlined above and these include:

- Small organisational grant to get to first base;
- Ready to go with a specific proposal that needs to be evaluated;
- Small to medium sized finance primarily for land costs;
- Medium sized developments including build or refurbishment costs;
- Working capital to bridge income;
- Scaling up or diversifying the property portfolio; and
- Developing new ideas, vehicles and consortia to take forward ethical property development and lobby for more effective policies and legislation.

Ethical property support in the UK

It is also important to note that London remains a centre of social finance investment and the evidence shows that it is used-as a source of supply. Partly, this is a failure of intermediation with knowledge and technical barriers reducing potential supply. It should be emphasised that intermediation is a barrier to scaling ethical property market in Northern Ireland more generally.

The national level sources of social and private investment includes:

- The Charities Fund(Common Investment Fund which generally avoids investing properties with occupational leases where the main activity of the tenants contravenes the guidelines of the CFIN Charity Funds’ approach to Responsible Investment;
- Hermes Property Asset Management-Environmental and Socially Responsible Investment policies linked to property speculation; and
- The Igloo Regeneration Partnership-investing in mixed-use urban regeneration projects that are environmentally sustainable.

The Ethical Property Company [EPC]

The Ethical Property was established in 1982 with a single building to provide a base for co-operative businesses and voluntary organisations. It has developed to become an international organisation making the best use of property for society and the environment. The company owns and operates 15 centres across the UK, providing 15,000 sq. m/s of office, event and retail space to charities, social enterprises, voluntary and campaign groups. They provide management services to other ethically minded landlords and are currently responsible for the operation of an additional six centres across the country and in total support over 80 organisations as tenants. Ethical Property in the UK is part of a wider international family of organisations providing office space, IT services (EPC IT) and property advice (The Ethical Property Foundation). Separate organisations within the EPC family operate centres in Belgium and France with plans to open centres in the Netherlands and Kenya.

The strategic aims of the Company are:
1. Provide excellent services in well-managed and well maintained buildings;
2. Expand our activities to better meet the needs of the sector and society;
3. Encourage and facilitate more investment in the company;
4. Build on financial sustainability; and
5. Promote the business model and create a strong platform for growth within the company.

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