Community Facilities Research

Final Report for
The National Lottery Community Fund

ADDITIONAL RESEARCH

September
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COMMUNITY FUND

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Executive summary

Introduction

This document presents the findings, conclusions and recommendations from a research project carried out on behalf of The National Lottery Community fund (the Fund) about the effective management and long-term sustainability of community facilities.

While previous work within the Fund has developed evidence about community asset transfer as a process and policy focus, less is known about what it takes to manage and sustain an effective community asset. This research seeks to address this gap, highlighting several specific challenges faced by projects. This will help both projects and funders to further develop strategies to respond to these challenges.

The research aims to review the existing evidence and contribute new knowledge about how community facilities can be effectively managed and sustained, in order to increase understanding within the Fund, among the Fund's customers, and in the wider civil society sector about what it takes for communities to run assets effectively. The research is UK-wide in scope and makes use of a combination of methods, including stakeholder consultation, a grant holder survey and case studies.

About the grant holders*

42% of projects located in rural district or small village

30% of projects located in an area of social or economic disadvantage

Over 80% of grant holders are charities or community groups

Over half of grant holders own their asset outright, 36% operate through a lease

The most common activity is the provision of a community hall or meeting space

A third of grant holders rely on meeting room or hall hires as the chief source of income, with grant funding second in importance

*Research survey participants

Challenges for grant holders*

33% of grant holders report a decline in the level of public sector grants

Top 3 challenges were lack of funding, poor prior condition of asset, and a narrow income base

3/4 of projects expect it to be 'moderately' to 'extremely' challenging to run their community asset over the next 3 years

Stakeholders are observing increased challenges for community groups in recruiting volunteer board members

Just over a third of community organisations access support for social media communications

One in two groups access support for fundraising, but only one in five for business planning

Grant holders in a central urban area or specific are of social or economic disadvantage were least likely to expect a surplus this year

A higher proportion of small and medium organisations expected to make a surplus this year than large organisations

*Research survey participants

Management lessons*

Effective Project Planning: unrealistic plans were identified by stakeholders as a key reason for failure

Skills Mix: the right mix of skills essential with lack of commercial knowledge the biggest gap

Succession Planning: essential to build beyond the core team for new ideas and future sustainability

Asset Ownership: owning the asset allows communities to raise finance and provides certainty

Contingency Funding: lack of funding for ongoing maintenance is a key pitfall

Support in Early Stages: many have hard journey in the first one or two years, and require support

Consolidation: common perception that continuation grants not looked on favourable by funders

Efficiency Improvements: a focus on eliminating waste and investing for the long term are important

Income Diversification: not to be over reliant on small number of sources is key to sustainable activity

Community Support: Commitment of local people makes big difference to sustainability

Volunteer Development: strong base of volunteers a critical factor identified by many survey respondents

Enthusiasm: a critical intangible element identified by many to sustain and drive project progress

Partnership Working: stakeholders emphasise importance of networks for learning

*Based on findings from all research participants

Conclusions

The Fund's 'Thriving Communities' framework conceptualises the difference that they seek to make through National Lottery funding. The framework is especially relevant to this research because it highlights the role of places and spaces, including community facilities, in enabling communities to thrive. Our research highlights the important, and varying role supported projects are making across the UK in enabling communities to address a range of social, cultural and economic objectives, often in areas of disadvantage.

Recommendations

The following recommendations are made:

1. **Competitor analysis:** funders should require realistic competitor analysis as part of project applications, and guidance should be provided by funders to projects on the key steps required. Owner: Funders.

2. **Activity and service mapping:** competitor analysis would be assisted by the maintenance of local directories of community assets and the services provided. Ongoing asset mapping (assets transferred, not just available to be transferred) will also assist authorities in prioritising the type and location of future assets to be transferred. Owner: Local Authorities and Funders.

3. **Ensure funding criteria for continuation of good projects is communicated to grant holders:** communications about funding criteria for support should be reviewed, to remove any misconception by grant holders that 'new' activity is needed in order to be eligible. Owner: Funders.

4. **Contingency & maintenance funding:** funders should encourage projects to maintain and update budget plans that take account of contingency requirements, as part of funding requirements. Projects should take steps to budget realistically and hold appropriate contingency funds. This might also include realistic budgets for early years specifically (up to 18 months) while groups get established. Owner: Funders and Projects.

5. **Succession planning:** funders should encourage projects, as part of funding requirements, to identify appropriate steps to ensure continuity of management. Projects would benefit from more explicit and concerted efforts to develop future resources required to sustainably manage their project. Owner: Funders and Projects.

6. **Maintenance of guidance:** while there is currently no shortage of guidance available for projects, the changing funding environment makes it important that funders keep these resources under review, up to date, and reflective of current regulations and good practice. Owner: Funders.

7. **Local network development:** funders and local authorities should do more to facilitate and encourage projects to maximise linkages with other related initiatives in their locality, to minimise duplication, over-supply (where relevant), and to further share both resources and experience. Owner: Funders, Local Authorities.

8. **Peer learning and mentoring:** in particular, funders, local authorities and projects should seek to further develop and maintain good quality peer learning and mentoring networks with structured and relevant activities. Owner: Funders, Local Authorities, and Projects.

9. **Support for projects in urban areas / areas of disadvantage:** the research suggests prioritisation of support and / or advice towards those organisations most challenged including those in urban areas, and areas of social/economic advantage. An account management function may be appropriate for larger organisations (an account manager maintains an organisation's relationship with a client or group of clients). Owner: Funders.

10. **Adoption of creative funding packages:** good planning should consider the most appropriate funding model for community facility acquisition or refurbishment. This might include greater consideration of social investment (by groups and other funders) and sources such as community shares / crowdfunding (as a way of increasing community buy-in). Owner: Funders and Projects.

1. Introduction

1.1. Purpose of this report

This document presents the findings, conclusions and recommendations from a research project carried out on behalf of The National Lottery Community Fund (the Fund) about the effective management and long-term sustainability of community facilities.

1.2. Context

The research aims to review the existing evidence and contribute new knowledge about how community facilities can be effectively managed and sustained, in order to increase understanding within the Fund, among the Fund's customers, and in the wider civil society sector about what it takes for communities to run assets effectively. The research is UK-wide in scope.

The Fund's 'Thriving Communities' framework conceptualises the difference that their funding seeks to make. The framework is especially relevant to this research because it highlights the role of places and spaces, including community facilities, in enabling communities to thrive.

While previous work within the Fund has developed evidence about community asset transfer as a process and policy focus, less is known about what it takes to manage and sustain an effective community asset. The commissioned research seeks to address this gap.

The research takes place against a background of sustained pressures on public finances, reducing resources, changing demographics and a range of uncertainties stemming from issues such as Brexit and Welfare Reform. Within this context, the importance of community wealth building, inclusive growth and managing down demand for public services in a sustainable manner has never been more important.

1.3. Research objectives

The research objectives are as follows:

- Identify and summarise existing evidence on managing and sustaining community facilities;

- Generate new evidence about current approaches to managing and sustaining community facilities, common challenges and pitfalls, and conversely effective solutions, promising innovations and good practice;

- Identify and/or develop case studies that highlight key lessons for effectively managing and sustaining community facilities;

- Understand how challenges and solutions in the running of community facilities are affected by local and contextual factors;

- Explore the difference made by community assets and understand some of the ways in which effective and sustainable community facilities enable communities to thrive; and

- Make recommendations about what steps could be taken by the Fund and, where relevant, by local and national government, other funders, third sector infrastructure bodies or other stakeholders to support effective and sustainable community assets.

1.4. Report structure

The remainder of this report is set out as follows:

- Chapter 2   Methods;
- Chapter 3   Findings;
- Chapter 4   Conclusions & recommendations; and
- Appendices.

2. Methods

Introduction

The authors worked closely with the Fund to develop an approach that met the assignment aims and objectives. We set out below the research approach and the main research phases[1]:

1. Fieldwork
   a. Stakeholder consultation;
   b. Grant holder survey;
   c. Case studies;
2. Analysis and initial feedback; and
3. Final reporting.

The proposed approach makes use of a combination of methods, reflecting the study aims, the range of stakeholder groups, and the resources available.

2.1. Primary research

The approach makes use of a combination of methods, reflecting the study aims, the range of stakeholder groups, and the resources available. The main methods include:

1. In-depth, semi-structured interviews with selected stakeholders;
2. A survey of recipients of fund supported grants related to community facilities (past and present); and
3. Case study research, looking in-depth at a small number of cases.

2.1.1. Stakeholder consultation

Consultations were held with stakeholder representatives in order to assess the research questions and areas for consideration. The consultations were conducted by semi-structured telephone interview. Topic guides to support the consultations were developed in advance of fieldwork and submitted to the Fund for review and comment. These guides were informed by the research objectives outlined above (see Appendix B).

In the interviews we followed a pragmatic approach combining theoretical sampling (where individuals and organisations to be contacted emerge from ongoing data collection and consultation with the Fund, using a matrix approach as described in the proposal to identify the priority individuals/ organisations to be included), with purposive, convenience and snowballing sampling (where new suggestions emerge from discussion and developing awareness of relevant individuals/organisations).

In addition, consultations included fund project managers to interpret background documents and to provide the most up-to-date picture of issues affecting the topic. We drew on research contacts identified as follows:

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1 A separate review was made of background documentation relating to community facilities management including previous research evidence and relevant strategy/policy documentation. These documents included the findings of previous evaluation and insight work commissioned or conducted by the Fund around community asset programmes (see Appendix A).

1. From the supplier's knowledge of organisations involved in recent related research;

2. From the sources identified as part of the desk-research outlined above;

3. From consultation with the Fund representatives as part of the inception meeting and other consultations; and

4. From the application of and iterative or 'snowballing' methodology, using the above contacts to identify additional organisations for subsequent contact and follow-up.

We conducted 21 stakeholder interviews as outlined in Appendix C.

2.1.2. Grant holder questionnaire survey

We conducted a concise questionnaire survey aimed at gathering a range of quantitative and qualitative feedback from the selected stakeholders relevant to the research questions. This research group included past and present fund grant recipients.

The population for this sample was organisations supported by the Fund whose grants involved community facilities. The sampling frame comprised a list of relevant recipients with the necessary information to contact the respondents (by e-mail). This data was supplied by the Fund. The survey was conducted using an online survey tool. A draft questionnaire was developed in advance and submitted to the Fund for review and comment (see Appendix D).

The grant holder survey was completed in December 2019 - January 2020. As of 8th January, the survey had achieved 1,412 responses from the 4,143 sample (11,889 population). This represents a 34% response rate (with above 25% generally being considered acceptable). There is a 91% questionnaire completion rate. The 4,143 sample provides a 2.45% Margin of error at the 95% confidence for the UK level, which is a high level of accuracy (the sample included several duplicates so was effectively 4,010 and so the final margin of error was somewhat higher).

Looking at the main sub-group sampled for before the survey (i.e. organisation size), the results are also good, giving 5% or better margin of error at 95% confidence level for all size groups apart from Large/Major/Super-major, which has a larger margin of error, but which is still reasonably accurate.

Table 2.1 Survey results

					Confidence Level	95%	90%
	Population		Sample			Margin of Error	
Large/Major/ Super-major	1,429	12%	115	8%		8.8%	7.4%
Medium	3,305	28%	383	27%		4.7%	4.0%
Micro	2,767	23%	342	24%		5.0%	4.2%
Small	4,388	37%	572	41%		3.8%	3.2%
Total	11,889	100%	1,412	100%			

Looking at the country level sub-group sample, margins of error are fair at the 90% confidence level:

- Scotland 5.93%;
- England 6.28%;
- Wales 7.81%; and
- Northern Ireland 8.32%.

2.1.3. Case studies

A further phase of the research was to undertake several case studies of community facilities management projects. Case studies were used to gain an in-depth understanding of selected cases, providing an understanding of why, for whom and under what circumstances the projects achieve their objectives (or otherwise). The selection of cases was a critical step for generalising and answering the research questions. Cases were selected based on discussion with the Fund and reflected the consideration of a range of factors including project location, scale and socio-economic context.

2.1.4. Analysis and reporting

The analysis step included systematic interrogation and synthesis of the quantitative and qualitative data collected during the fieldwork phase in order to answer the research objectives.

Quantitative survey data was analysed using an online survey tool, Microsoft Excel and SPSS. We used qualitative analysis software to collate qualitative feedback from the various research contributors, analyse the qualitative data, and identify common themes and emerging issues.

Feedback of findings consisted of a draft written report and a facilitated discussion with the Fund, to:

- Present and discuss the main findings;
- Provide an opportunity for challenge and clarification of findings;
- Work through and consider the strengths, weaknesses, opportunities and threats inherent in the findings to date; and to
- Facilitate initial discussion on lessons learned including and utilisation of findings.

The final step brought together all of the material from the consultations, desk research, beneficiary feedback, and review meeting to produce the final report highlighting key findings and conclusions and providing a set of recommendations/ issues for consideration to inform future delivery.

3. Findings

3.1. Introduction

This section explores the results of the primary research undertaken as part of the study, with new evidence about current approaches to managing and sustaining community facilities. The findings address common challenges and pitfalls, as well as effective solutions, promising innovations and good practice. Our analysis seeks to understand how challenges and solutions in the running of community facilities are affected by local and contextual factors and explores some of the ways in which effective and sustainable community facilities enable communities to thrive.

The review of evidence undertaken as part of the study and reported separately (see Appendix A) points to an evolving landscape with respect to the effective management of community facilities. Community groups continue to succeed in managing community facilities, despite ongoing challenges, not least fiscal constraints for the public sector and the need to generate alternative income streams. Despite the challenges of low margins and trade-offs between income generation and their community mission, groups are nonetheless surviving and making community facilities available for their communities.

It is clear, however, that the journey for community groups is far from easy, and that much support is required. Along the way, some groups and facilities fall by the wayside, and some groups are discouraged from managing facilities. Making it easier for groups to manage facilities - especially young organisations - can only help to build the community wealth that so many communities would benefit from.

The findings of both the literature review and primary research inform our recommendations about what steps could be taken by the Fund and, where relevant, by local and national government, other funders, third sector infrastructure bodies or other stakeholders to support effective and sustainable community assets.

3.2. Current approaches & context

3.2.1. Geography

42% of projects located in rural district or small village

30% of projects located in an area of social or economic disadvantage

Evidence from the grant holder survey indicates that the geographical context of grant holder respondents varies widely, as shown in Figure 3.1, with a mix of rural and urban based projects, and a significant proportion representing an area of social or economic disadvantage, confirming the potential importance of funded projects in addressing the economic, social and regeneration needs of many communities.

Figure 3.1 Geographical Area of Benefit of Community Asset

Category	Percentage
Other	2%
Central urban area	9%
Suburban or urban periphery	11%
Mixed urban and rural area	12%
Large village or small town	14%
Area of social economic disadvantage	30%
Rural district or small village	42%
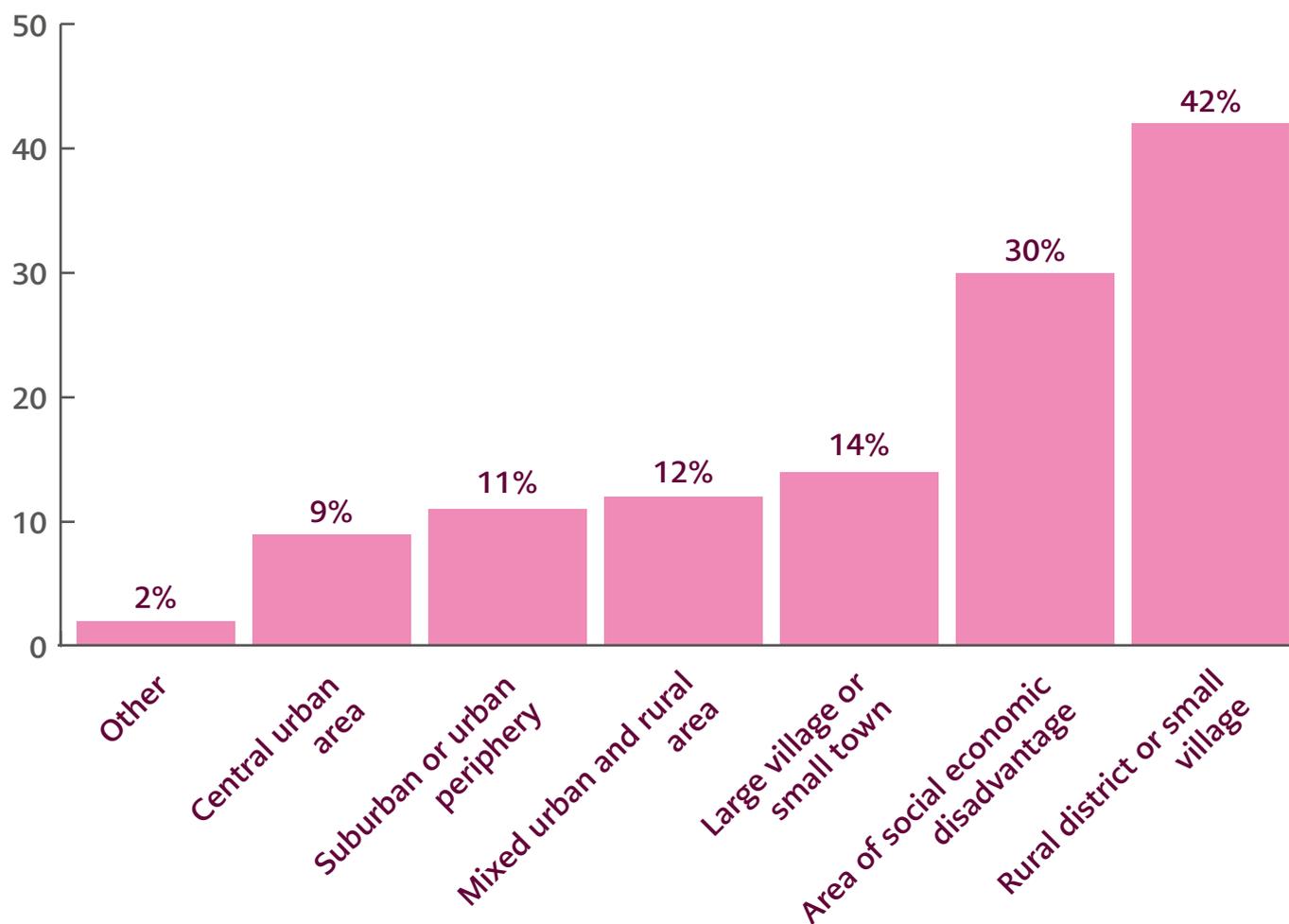
Source: TNLCF Survey Q4. n= 1,127.

3.2.2. Types of entity

Over 80% of grant holders are charities or community groups

Most grantee organisations are charities or community groups (over 80%). The remainder take a wide variety of forms (Figure 3.2), from Housing Associations to Social Enterprises, and as such are likely to bring with them quite wide-ranging skills bases and support structures to rely upon during project design and implementation[2].

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2 The 'Other' category most commonly included Councils, Schools, Church bodies, or other clubs and community organisations in descending order.

Figure 3.2 Form of Organisation
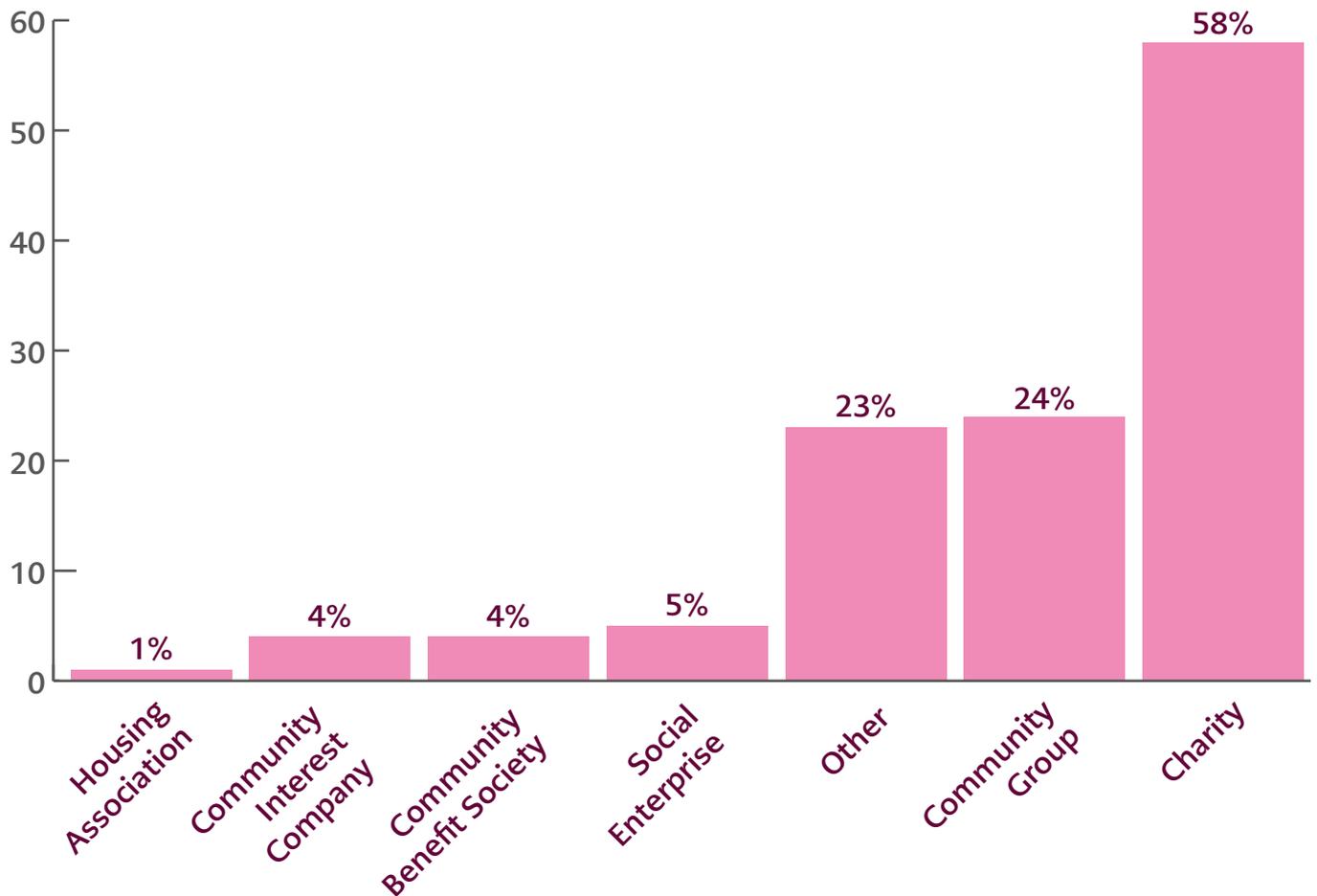
Source: TNLCF Survey Q3. n=1,130.

3.2.3. Types of asset ownership

> **Over half of grant holders own their asset outright, 36% operate through a lease**

The form of asset ownership also varies with most respondents owning the asset outright, but with 36% operating through a lease (Figure 3.3). This may have a bearing on the ability to borrow against an asset: "[owning a building] is a route to sustainability....it shows on the balance sheet and even if you are in short-term difficulties there is the potential to borrow against it", as one stakeholder put it [Senior Official at NGO M1] but this was not a specific issue raised by many grant holders.

Figure 3.3. Ownership type
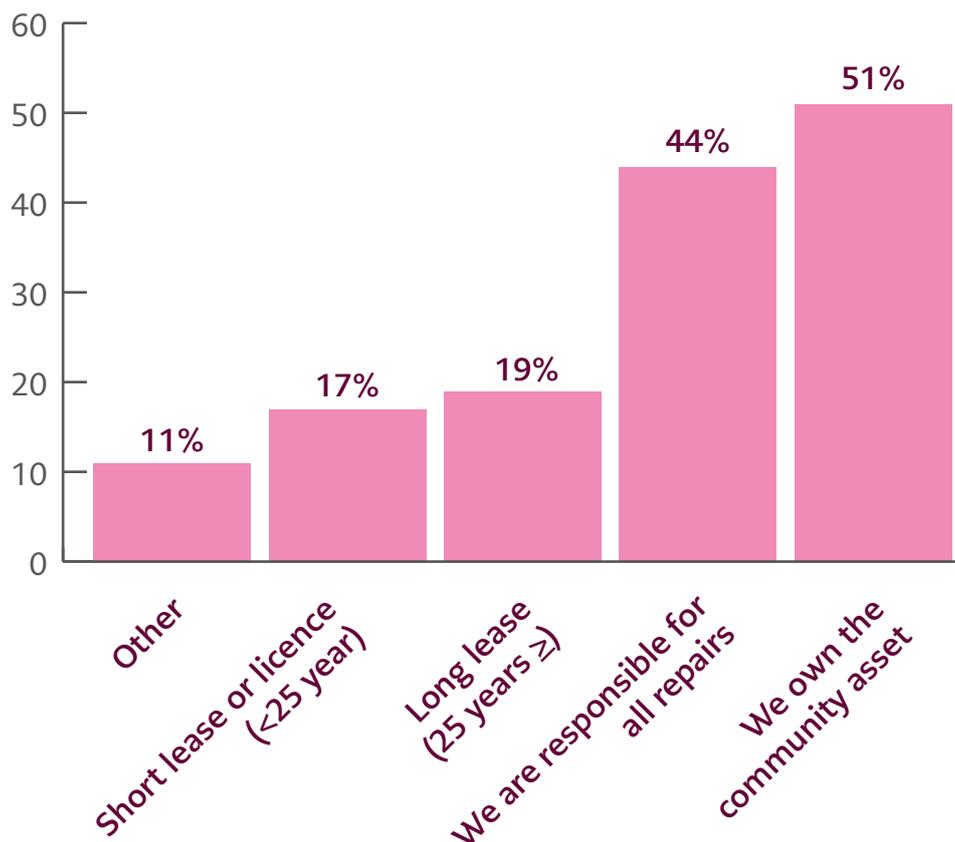
Source: TNLCF Survey Q6. n=1,107.

3.2.4. Range of services provided

The most common activity is the provision of a community hall or meeting space

The range of community activities and services provided varies extremely widely (see Figure 3.4): the most common activities being the provision of a community hall or meeting space, health or well-being activities, and sports and fitness activities. However, most organisations engage in multiple activities (averaging 5.3[3]) with the management of the physical asset being one dimension of a wider initiative. Projects also usually have a range of income sources (averaging 3.5[4]).

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3 Q8 5,805 choice count divided by 1,096 respondent count.
4 Q11 3,729 choice count divided by 1,076 respondent count.

Figure 3.4 Main community activity or service

Bar chart showing percentages for each main community activity or service:
- Community café: 3%
- Other arts or cultural activities: 3%
- Allotments or community garden: 3%
- Educational activities: 9%
- Other: 10%
- Sports or fitness activities: 13%
- Health or well-being activities: 15%
- Community hall or meeting space: 32%
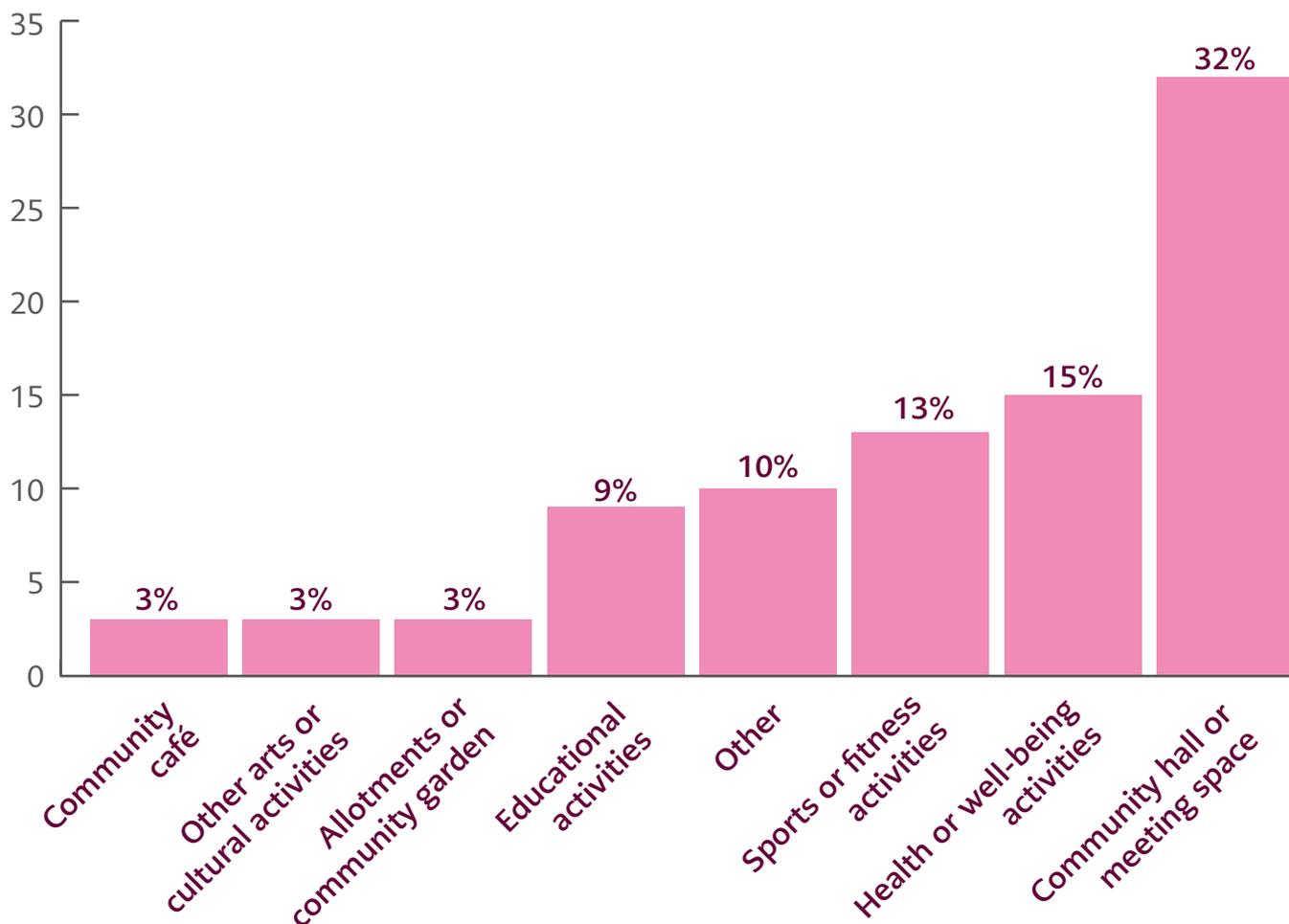
Source: TNLCF Survey Q10. n=1,085. Eight most common shown.

3.2.5. Delivery structure

There is also a broad mix in terms of direct and third-party delivery of project activities and services - some in house delivery, and others using third-party organisations to manage and deliver certain functions. Nonetheless, many projects are actively involved in hands-on delivery (Figure 3.5), with the associated challenges of developing and maintaining the operational capacity to deliver to a professional standard, in what can sometimes be an increasingly crowded and competitive local market (e.g. meeting room rental, hall rental, cafes, depending on the local circumstances).

Figure 3.5 Delivery of activity/service

Activity/service	We deliver	Other organisation delivers
Sports and fitness activities	41%	59%
Other arts and cultural activities	51%	49%
Health or well-being activities	55%	45%
Skills and employment training	57%	43%
Advice and support for other community/ vol groups	60%	40%
Educational activities	60%	40%
Office/workspace for local community/ vol. groups	68%	32%
Community hall or meeting space	77%	23%
Community festival	79%	21%
Community café	86%	14%

Source TNLCF Survey Q9. Top ten activities/services shown.

3.2.6. Range of income sources and main income source

A third of grant holders rely on meeting room or hall hires as the chief source of income, with grant funding second in importance

Just over a third of survey grant holders rely on meeting room or hall hire income as the chief source of income and just under two-thirds have some form of income from this source. Grants are the second single main source of income. Nonetheless, many projects are making use of a wide range of income sources (as noted earlier averaging 3.5 sources).

The main source of income is shown in Figure 3.6. Figure 3.7 illustrates whether a source makes any contribution to respondent income. Overall, on average, some 32% of income is from trading income, with 29% from grant support. Some 39% of income is derived from a range of other sources (e.g. donations) (see Table 3.1). It is notable that some of the largest organisations (the 'major' category) tend to be more heavily reliant on grant income (56% of all income) than other size categories. In addition, respondents in an area of social or economic disadvantage are the most reliant on grants as a source of income (see Table 3.2).

Figure 3.6 Main source of income
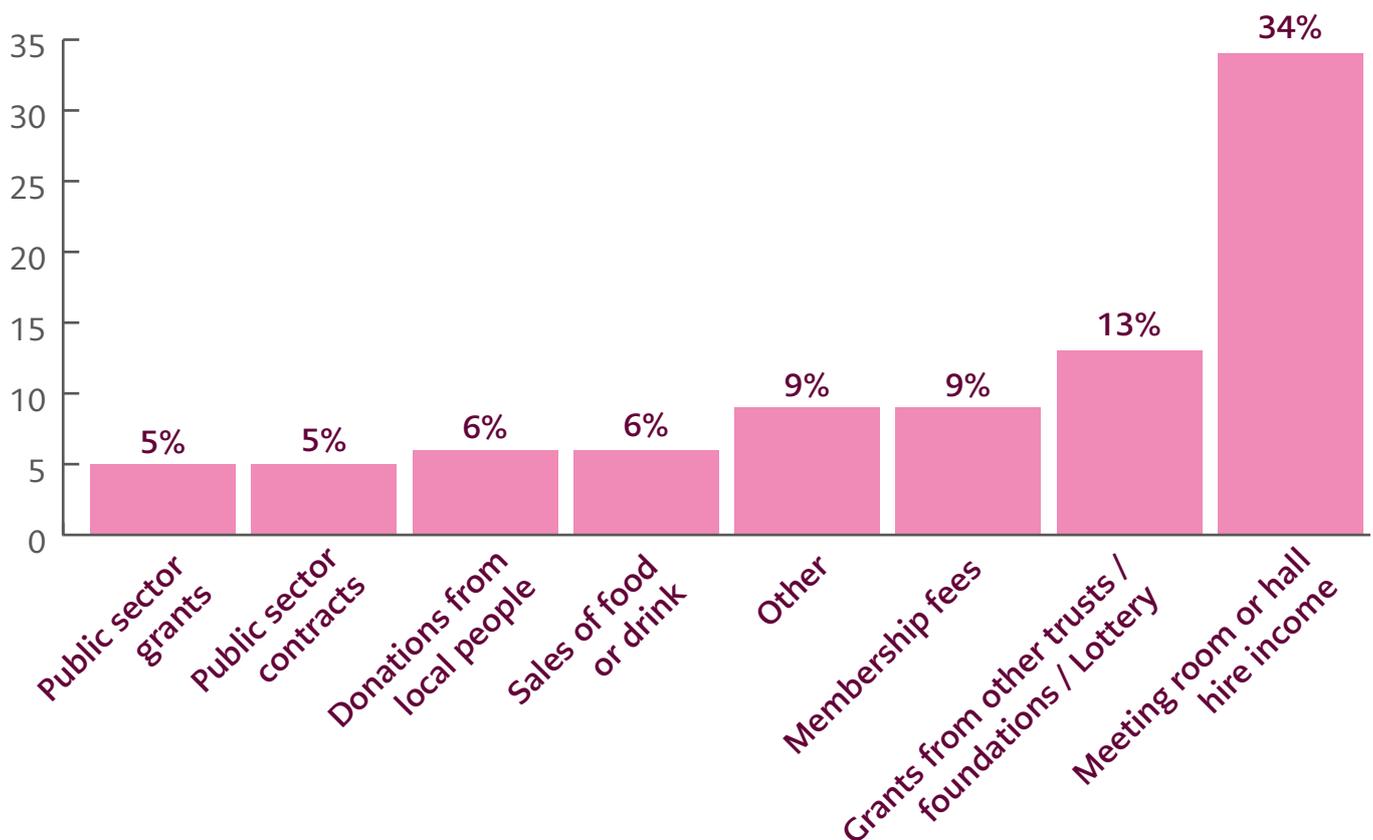
Source TNLCF Survey Q13. n=1,058. Top eight sources shown.

Figure 3.7 Range of income sources
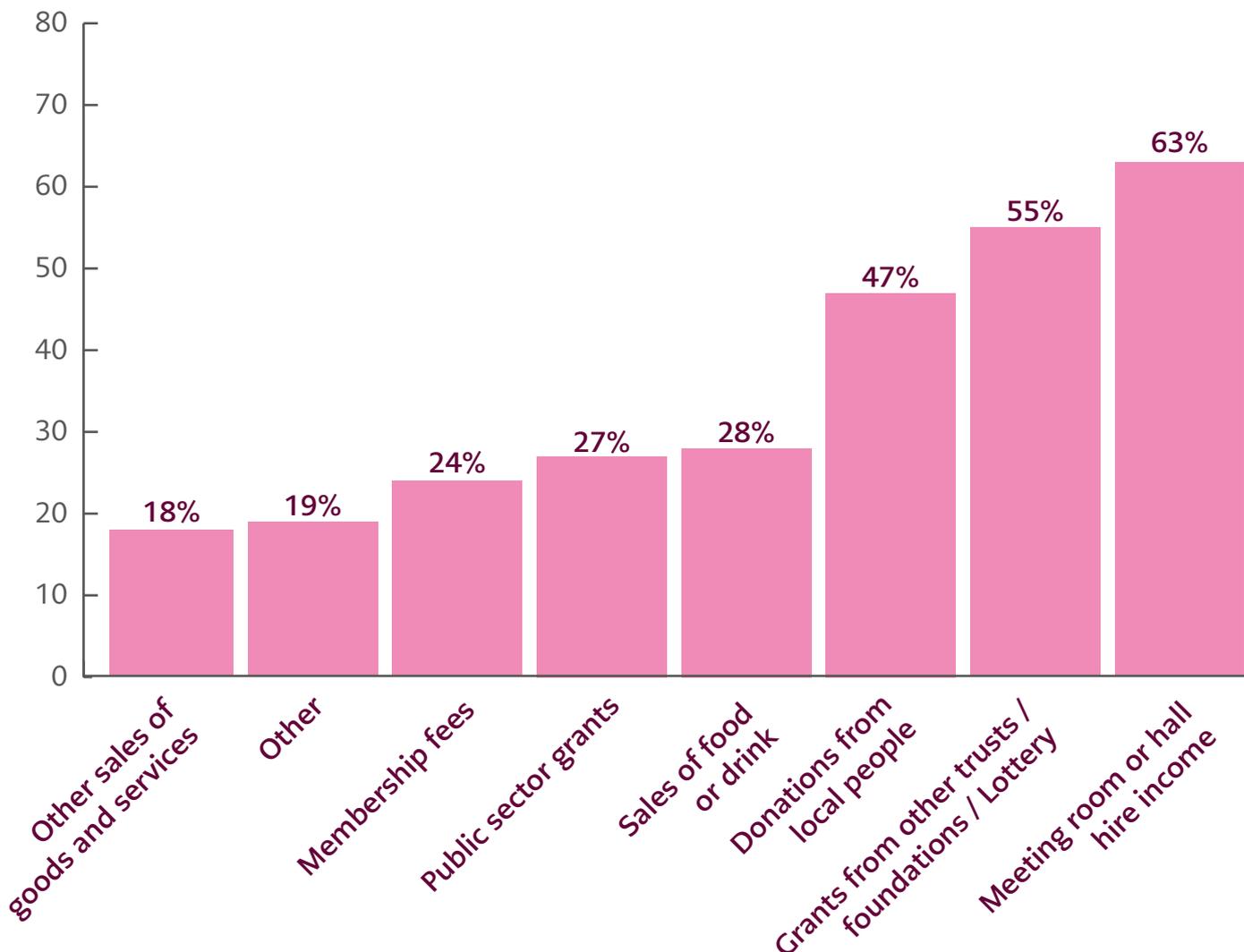
Source TNLCF Survey Q11. n=1,076. Top eight sources shown.

Table 3.1 Income source by organisation size

Income source (Average %)	All	Super-major	Major	Large	Medium	Small	Micro
Trading income	32.1	14.0	15.2	26.1	29.0	35.3	31.8
Grant income	29.0	21.3	56.2	35.2	39.2	24.9	23.1
All other income	38.8	64.8	28.7	38.7	31.8	39.7	45.1

Source; TNLCF Survey Q14, n= 1,023

Table 3.2 Income source by geography

Income source (Average %)	A rural district or small village	A large village or small town	A central urban area	A subur-ban area or urban periphery	A mixed urban and rural area	An area of social or economic disadvantage	Other
Trading income	34.2	39.8	23.3	31.0	31.0	28.1	29.7
Grant income	24.3	26.1	35.7	34.0	26.6	39.7	25.6
All other income	41.6	34.0	40.9	35.0	42.4	32.2	44.6

Source; TNLCF Survey Q14, Q4, n= 1,216.

3.3. Challenges

This section examines a number of challenges experienced by grant holder respondents to the survey.

3.3.1. Change in income

> 33% of grant holders report a decline in the level of public sector grants

Firstly, the sources of income for grant holders has been changing. Figure 3.8 shows the most common sources of income for projects but also that these sources are not static. In particular, a declining level of funding from public sector grants is noted. This is consistent with other recent research covered by the literature review.

Figure 3.8 Change in income from main sources (over last five years)
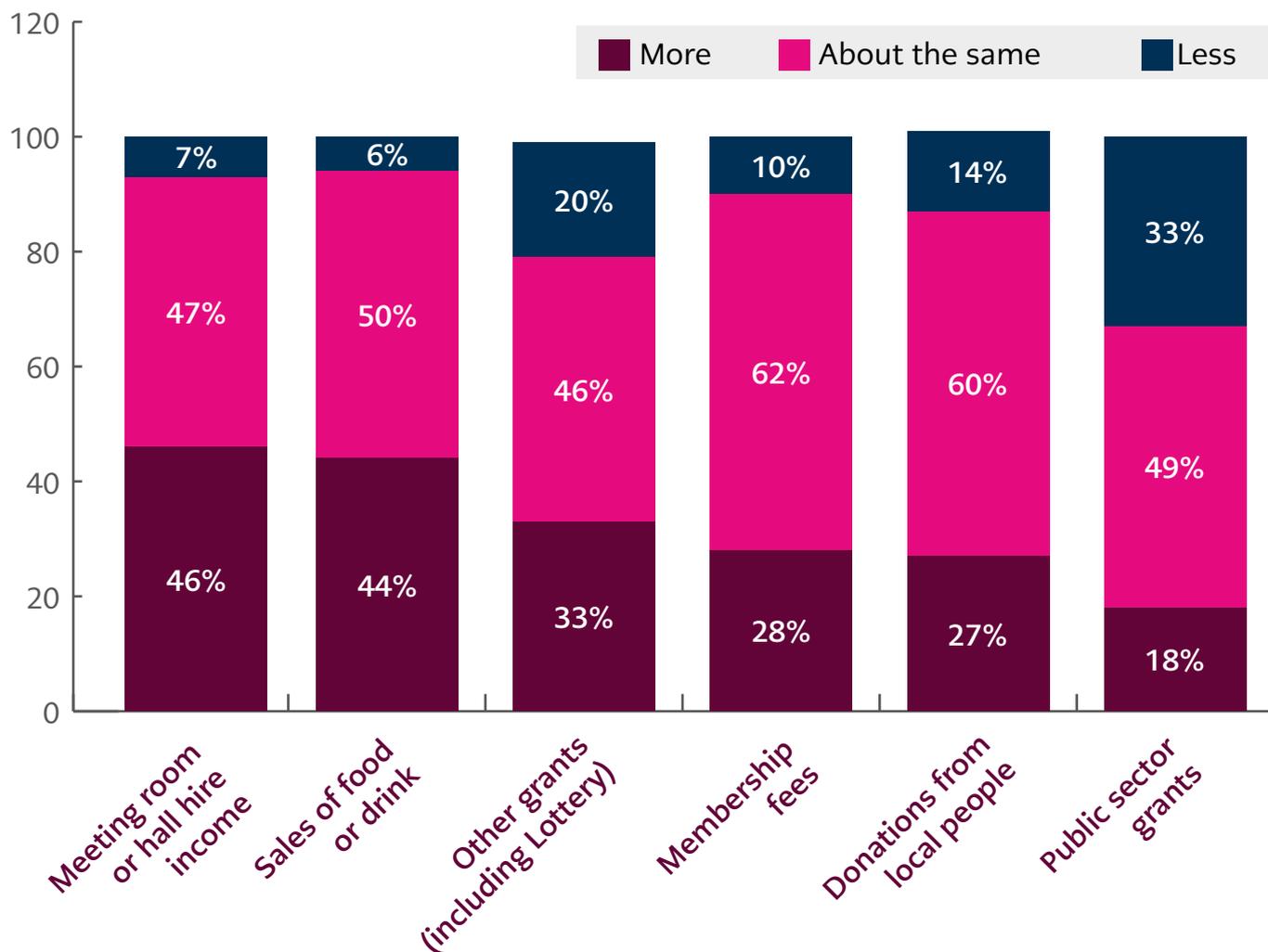
Source: TNLCF Survey Q12. Note: Six most common sources of income shown.

3.3.2. Challenges reported by respondents

> **Top 3 challenges were lack of funding, poor prior condition of asset, and a narrow income base**

Grantees were asked about the main challenges they faced in running a community asset. It is heartening that many respondents were reportedly dealing well with several of the challenges of running a project, with many reporting little or no challenge against specific criteria (see Figure 3.9).

Figure 3.9 Challenges experienced by respondents

Challenge	A great deal or a lot	A moderate amount	A little or none at all
Poor connections with other local organisations	2%	20%	79%
Lack of knowledge of how to manage community assets	3%	21%	76%
Poor market understanding of demand for services and/or overly optimistic cashflow projections	4%	29%	66%
Lack of Community Board skills	4%	19%	77%
Lack of knowledge of how to access support for community groups	5%	31%	64%
Lack of Community Board capacity	6%	32%	61%
Weak community engagement/interest	9%	38%	54%
Lack of non-financial support available for community groups	11%	34%	55%
Over-reliance on grants and/or limited building/facilities	14%	32%	54%
Poor prior condition of the building/facility	19%	26%	55%
Lack of funding available of community groups	26%	42%	33%

Legend:
- A great deal or a lot
- A moderate amount
- A little or none at all

Source TNLCF Survey Q17.

The most significant reported areas of challenge included a lack of available funding, poor prior condition of the building, over reliance on grants, lack of non-financial support, or weak community engagement. Reportedly less challenging were skills issues such as board capacity and the specific skills or knowledge of how to manage community assets.

These results should be qualified in the sense that respondents may have been more comfortable reporting external factors as a challenge (e.g. lack of available funding) than internal factors that potentially reflect poorly on their organisation (especially in a survey commissioned by their funder). Indeed, it is noted that stakeholders state both the aforementioned internal factors (i.e. board capacity and the specific skills or knowledge of how to manage community assets) to be challenges that exist for community groups (see below).

The survey responses chime with views of several stakeholders. The lack of available funding for community groups was a common general comment, with less funding both for asset transfer/ownership itself (capital) and as a result of the tight fiscal operating (revenue) environment. Local authorities in particular have faced challenging finances over the last decade.

The poor prior condition of many of the buildings acquired by community groups remains a challenge. As one stakeholder put it "this often leaves community groups with negative equity before they set out, with the value of the refurbished or owned building commonly lower than the sums spent and borrowed to carry out the works" [Senior Official at NGO, M1]. This as a widely under-recognised issue, one where there should be greater awareness amongst funders, local authorities and community groups.

Stakeholders also comment that there remains an over-reliance of community groups on grant funding, although some stakeholders (Senior Official at NGO/NDPB M3, F2) acknowledge there have been increasing moves to trading income/ enterprise activities across the sector over time. An over-reliance on grant income may be a particular issue for larger organisations, as discussed in section 3.3.5.

Not all services/activities provided by community groups will be profitable. One stakeholder said "there should be an acceptance that certain services/activities will not generate a profit…..many of these services/activities have never returned a profit in the past, and it is unrealistic [for community groups] now running these services/activities to suddenly start doing so" [Senior Official at NGO, M12].

More broadly, however, generating income from a diverse set of activities/services was regarded as a must, preferably via multiple income streams and a strong product or service which can cross-subsidise other activities : "for us [a successful social enterprise] our two or three strong and profitable products and services allow us to sustain a wide range of other less profitable or loss-making services and activities" [Senior Official at NGO, M4].

Just under 1 in 10 community groups cite weak community engagement/interest as a challenge (see Figure 3.9); but achieving engagement/interest is widely recognised by stakeholders as essential for future success in managing the community facility: projects where the community is not on-side are less likely to succeed. As one stakeholder put it "where community run facilities or buy-outs have not worked there has been a lack of engagement by the community....and in this regard you can never do enough community consultation" [Senior Official at NDPB, F5].

Returning to the grant holder survey, community groups do not commonly regard board skills, capacity or ability to access support as a challenge (4%-6%), although a higher proportion (11%) cites a lack of non-financial support as a challenge (as noted, it is perhaps not surprising that survey respondents do not cite a lack of internal capacity).

Stakeholders also acknowledge the good levels of skills that exist amongst community groups (see for example the 2019 Community Hubs research - see Appendix A), yet stakeholders identify specific knowledge gaps (such as building health and safety management requirements), and that many groups would benefit from increased access to support, especially professional skills. One funder stakeholder said "often, and perhaps surprisingly, we find that volunteer boards are more risk averse than more commercial organisations" and so bringing greater business skills and focus to the community group can beneficial [Senior Official at NGO, M8].

The evidence from wider literature (see Appendix A) is that community groups that can survive and make it through early stages, are more likely to go on to become sustainable into the longer-term. Supporting community groups through those early stages is of considerable benefit to the group.

3.3.3. The next three years

> 3/4 of projects expect it to be 'moderately' to 'extremely' challenging to run their community asset over the next 3 years

Considering the range of challenges reported by grant holders, some three quarters of projects expect it to be 'moderately' to 'extremely' challenging to run their community asset over the next three years (Figure 3.10). This is particularly the case in areas of social or economic disadvantage and central urban areas (see Table 3.3). Of the most common community activities or services, 'Health or well-being activities' report the greatest challenge to their running community asset over the next three years (Table 3.4). For the latter, uncertainty over funding and inability to meet costs, are common reasons given for the outlook.

Figure 3.10 Challenge of running community asset over next 3 years
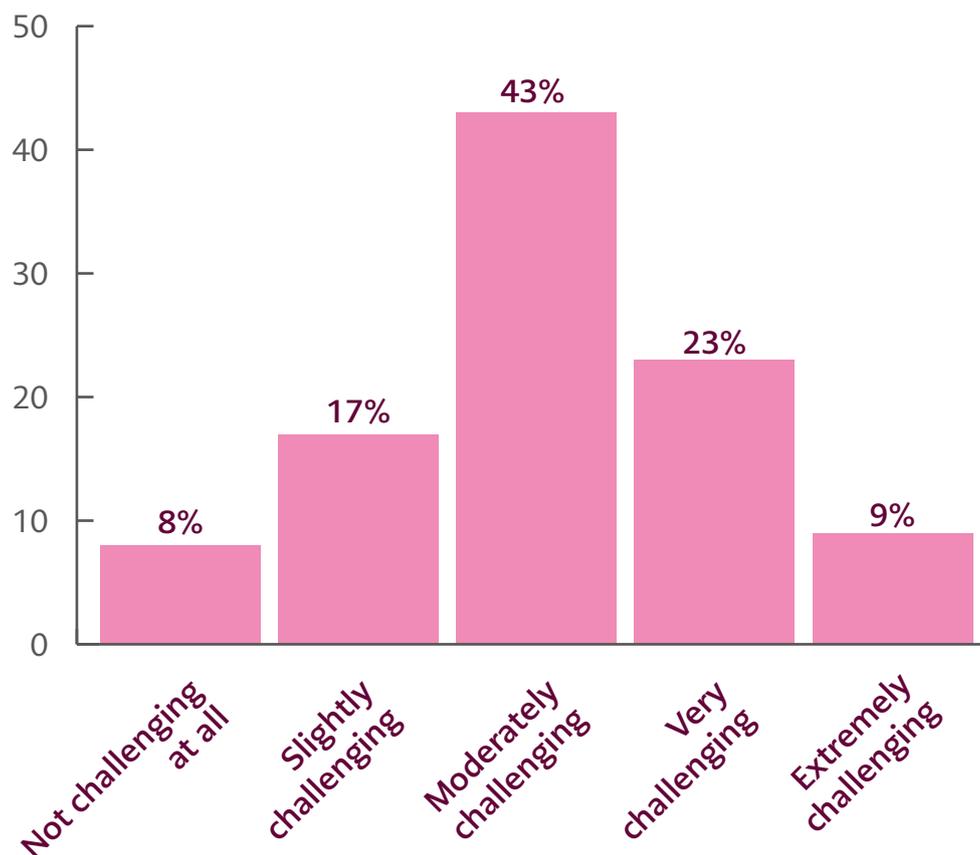
Source: TNLCF Survey Q22. n= 993.

Table 3.3 Challenge of running community asset over next 3 years by geography

Challenge (%)	A rural district or small village	A large village or small town	A central urban area	A suburban area or urban periphery	A mixed urban and rural area	An area of social or economic disadvantage	Other
Extremely or very challenging	21.6%	32.6%	38.2%	33.3%	33.3%	45.9%	33.3%
Not challenging, slightly, or moderately challenging	78.4%	67.4%	61.8%	66.7%	66.7%	54.1%	66.7%

Source; TNLCF Survey Q4, Q22, n= 1,187.

Table 3.4 Challenge of running community asset over next 3 years by main community activity or service

Challenge (%)	Community hall or meeting space	Sports or fitness activities	Health or well-being activities	Educational activities	Other
Extremely or Very Challenging	23.1%	26.0%	44.4%	20.7%	34.0%
Not Challenging, Slightly, or Moderately Challenging	76.9%	74.0%	55.6%	79.3%	66.0%

Source; TNLCF Survey Q10, Q22, n= 770. Note: Top 5 Community Activities or Services shown.

3.3.4. Sources of support

Stakeholders are observing increased challenges for community groups in recruiting volunteer board members

Just over a third of community organisations access support for social media communications

One in two groups access support for fundraising, but only one in five for business planning

Given the challenges faced by grant holders and the outlook for the next few years, what sources of support are grant holders turning to? We have seen how organisations are diversifying income sources, but organisations are also making use of a wide range of non-financial sources of support to run their project (Figure 3.11). Groups rely heavily on volunteers from the local community, input and support from the organisation's board, making use of networks and other membership bodies, utilising free professional advice or support, and drawing on volunteers from business. All these non-financial sources of supports are critical ingredients in the effective management and sustainment of community facilities.

Figure 3.11 Sources of non-financial support (Per cent of responses, multi-choice question)

3% Other

8% Volunteers from businesses

13% Free professional advice or support

14% Access to networks/membership bodies

23% Input or support from organisation's board

39% Volunteers from the local community
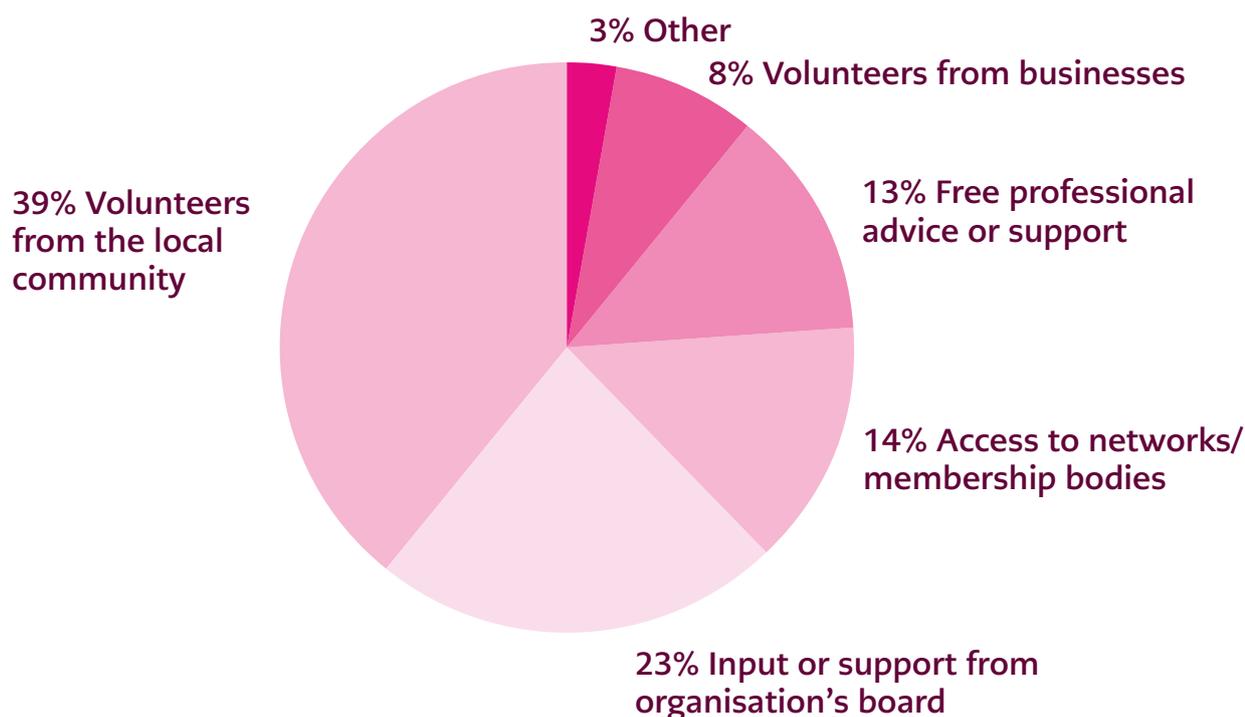
Source TNLCF Survey Q15. n=1,002.

However, some stakeholders are observing increased challenges for community groups in recruiting volunteer board members, particularly over a long time period. As one commented "(Volunteer board member) time is the greatest barrier, with board member volunteers preferring less formal commitment" [Senior Official at NGO, M5]. Given that almost a quarter of non-financial support comes in the form of volunteer board members, any diminution in this support would be expected to negatively impact on community groups.

A wide range of specific sources of help are also utilised such as fundraising support, social media and communications support, and professional property and facilities management a (Figure 3.12). In the case of the latter, some support organisations (e.g. Locality – a national network of community-led organisations) have responded to this need amongst community groups, many of whom lack property and facilities management skills – recognising that the skills needed to run and manage a facility differ from those in the project development/acquisition stage.

Figure 3.12 Sources of help

Source	Percentage
Fundraising support	50%
Social media and communications support	34%
Property/facilities management	25%
None	23%
Training for Board Members	19%
Human Resources (HR) support	18%
Business planning support	18%
Feasibility studies	18%
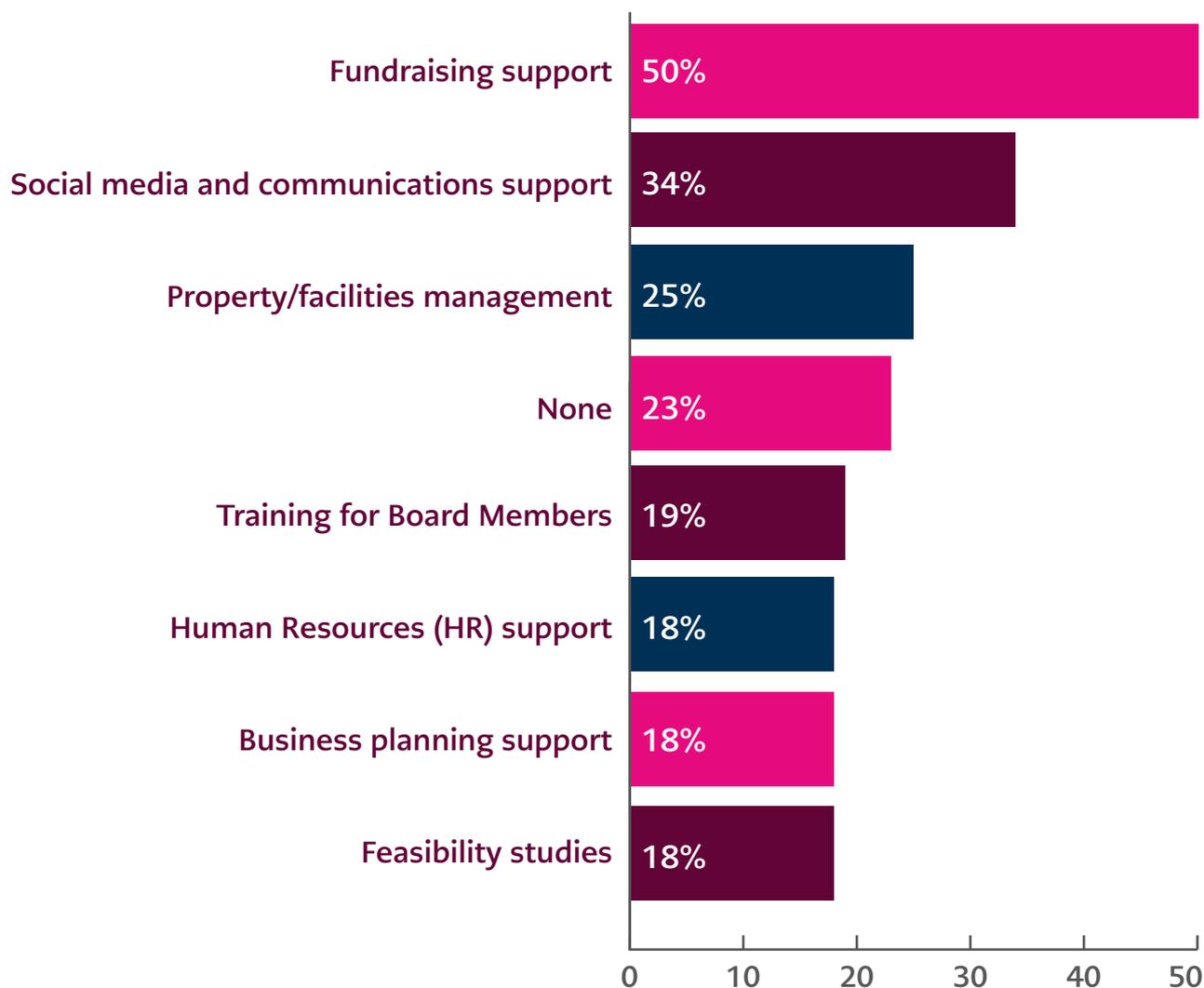
Source TNLCF Survey Q18. n=994. Top eight shown

Stakeholders (both funders and non-funders) also cite the value of networks and membership body support to community groups - essentially the learning that groups can take from others who have been through similar experiences in the past: "The most important thing for community groups [for effectively managing community facilities] is easy access to peer support and peer networks…..those that are 3, 4. 5 years down the line" [Senior Official at NGO, M1]. Light-touch mentor-style schemes that allow community groups to learn from others are valued where they exist (although sometimes only within member networks). These activities could help address the challenge facing some groups in accessing non-financial support.

It is noted that just over a third of community organisations access support for social media and communications. This reflects the need to use multiple routes for engaging with communities and the cultural/ technological changes over recent decades. Community groups not utilising social media are not fully engaging the community, although it must not be overly relied upon (depending on the client group).

Fewer than one in five have sought support for Business Planning; having a sound (tailored and relevant) Business Plan is cited as essential to effective projects by stakeholders and the literature review (Appendix A). With one in two groups accessing support for fundraising, a potential inference is that this route (e.g. via grants, direct events etc.) is still a more widely used route to income generation than via a robust Business Plan (although both routes could be in place). Only 4% of community groups (Figure 3.9) cite lack of market understanding and/or over-optimistic cashflow projections as a challenge, although stakeholders in the sector still find this to be the case, especially amongst those seeking to raise social investment. As one put it "what we are looking for [from potential investable community projects] is robust assumptions underpinning the cashflow forecasts – this is the most important thing for us" [Senior Official at NDPB, M14]. Another (non-funder) commented: "where we see more projects failing is where there is a lack of a sustainable business plan, and an over-estimation of what income the project will generate" [Senior Official at NGO, M3].

3.3.5. Local and contextual factors

Grant holders in a central urban area or specific are of social or economic disadvantage were least likely to expect a surplus this year

A higher proportion of small and medium organisations expected to make a surplus this year than large organisations

As noted, the community assets funded vary widely by area of geographical benefit. The survey of grant holders found that those in a central urban area or a specific area of social or economic disadvantage were least likely to expect a surplus this year (Figure 3.13) and were possibly experiencing greatest pressure on resources compared to those in other locations. Those in disadvantaged areas can face greater barriers than those in other areas, from lack of volunteers to lack of skills/pro bono professional support (see literature review, Appendix A).

Figure 3.13 Location by expected financial performance

Location	Prefer not to say	We don't know	We expect to just about break even this year	We expect to make a loss this year	We expect to make a surplus
A large village or small town			46%	7%	39%
A suburban area or urban periphery			52%	8%	34%
A rural district or small village			47%	8%	35%
A mixed urban and rural area			53%	9%	35%
An area of social or economic disadvantage			54%	12%	25%
A central urban area			49%	18%	25%

Legend:
- Prefer not to say
- We don't know
- We expect to just about break even this year
- We expect to make a loss this year
- We expect to make a surplus

Source TNLCF Survey Q4, 20. n=1,185.

Stakeholders reinforced this view, with one commenting "we have seen over time communities trying to be more entrepreneurial in running community centres, halls etc. and employing staff, especially in rural areas with the aid of volunteers and strong community engagement, but at the other end of the spectrum we have disadvantaged urban communities not engaging with the [funding support] market". This is either a lack of capacity or knowledge about how to engage, with many disadvantaged urban communities having lower levels of social capital, although several notable exceptions were identified (e.g. Alt Valley Community Trust in Liverpool, Burton Street Foundation in Sheffield).

A higher proportion of small and medium organisation expected to make a surplus this year than large organisations (Figure 3.14). Large organisations appear to be facing challenges in accessing funding for assets and experience an over-reliance on grants/ or too narrow an income base (see Figure 3.15), although the case studies in particular cite notable exceptions. 'Medium', 'Large' and 'Major' grant holder organisations are more heavily dependent on grant income than 'Micro' or 'Small' grant holder organisations (see Table 3.1 on page 24). This finding appears counter-intuitive, but is consistent with other research, which identifies especially tight margins for larger organisations (2019 Community Hub Review, see Appendix A).

Figure 3.14 Organisation size by financial performance

Legend:
- Prefer not to say
- We expect to just about break even this year
- We expect to make a surplus
- We don't know
- We expect to make a loss this year

Organisation size	Prefer not to say	We don't know	We expect to just about break even this year	We expect to make a loss this year	We expect to make a surplus
Small (667)			50%	8%	34%
Medium (269)			47%	12%	31%
Large (54)	13%	15%	37%	24%	11%
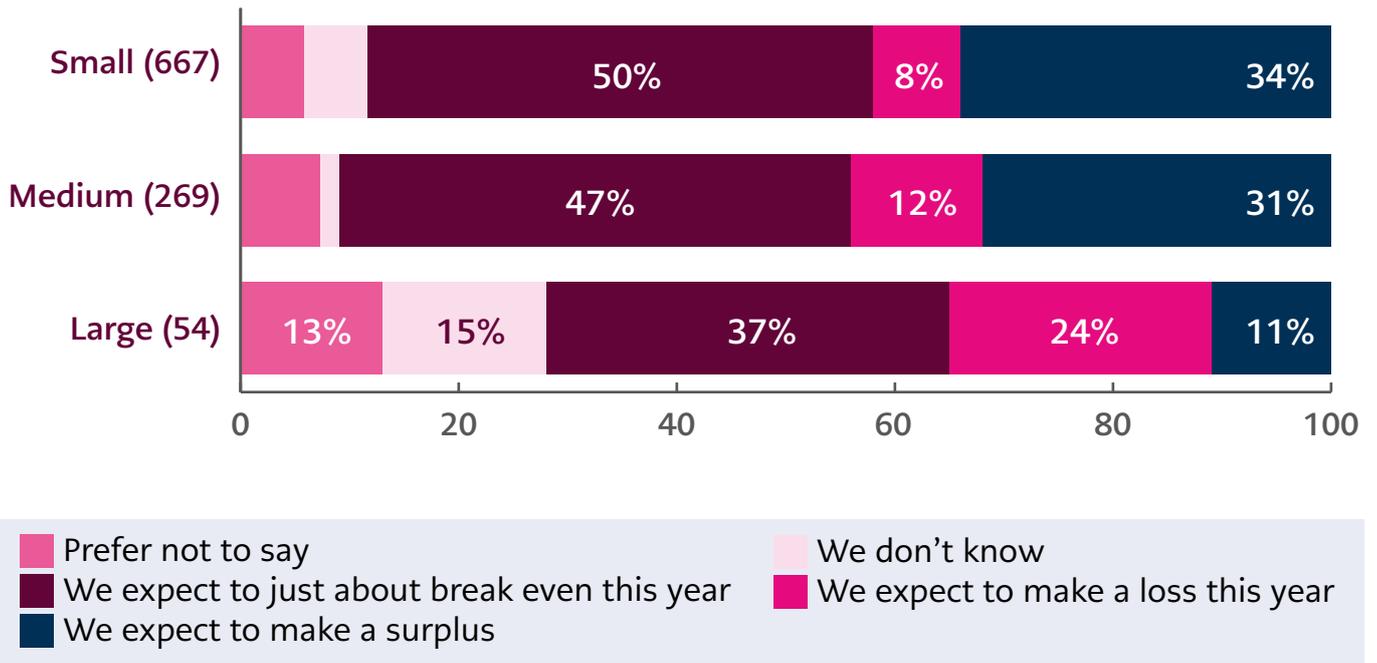
Source TNLCF Survey Q20 and TNLCF records. n=990.

Figure 3.15 Challenges affecting 'a great deal or a lot' by organisation size

Poor connections with other local organisations
- Small: 2%
- Medium: 1%
- Large: 6%

Weak community engagement/interest
- Small: 11%
- Medium: 4%
- Large: 8%

Lack of non-financial support available for community groups
- Small: 9%
- Medium: 16%
- Large: 12%

Poor prior condition of the building/facility
- Small: 20%
- Medium: 16%
- Large: 15%

Over-reliance on grants and/or limited income sources
- Small: 10%
- Medium: 19%
- Large: 20%

Lack of funding available for community groups
- Small: 22%
- Medium: 33%
- Large: 33%

Legend: Small, Medium, Large

Source TNLCF Survey Q17 and TNLCF records. n=492. Top six challenges shown.

For those organisations expecting to make a loss this year, the challenges affecting them the most are: lack of funding, an over reliance on grants or too narrow an income base, a lack of non-financial support, and poor prior condition of the building (Figure 3.16). Both the literature review (notably the 2019 Community Hub review referred to above), and several stakeholders, cite the low/non-existent reserves of many community groups which means unforeseen events (e.g. loss of a long-standing contract, or a sudden repair bill) can lead to losses (again reinforcing the need for diverse income streams).

Figure 3.16 Challenges affecting 'a great deal or a lot' by organisations expecting a loss this year
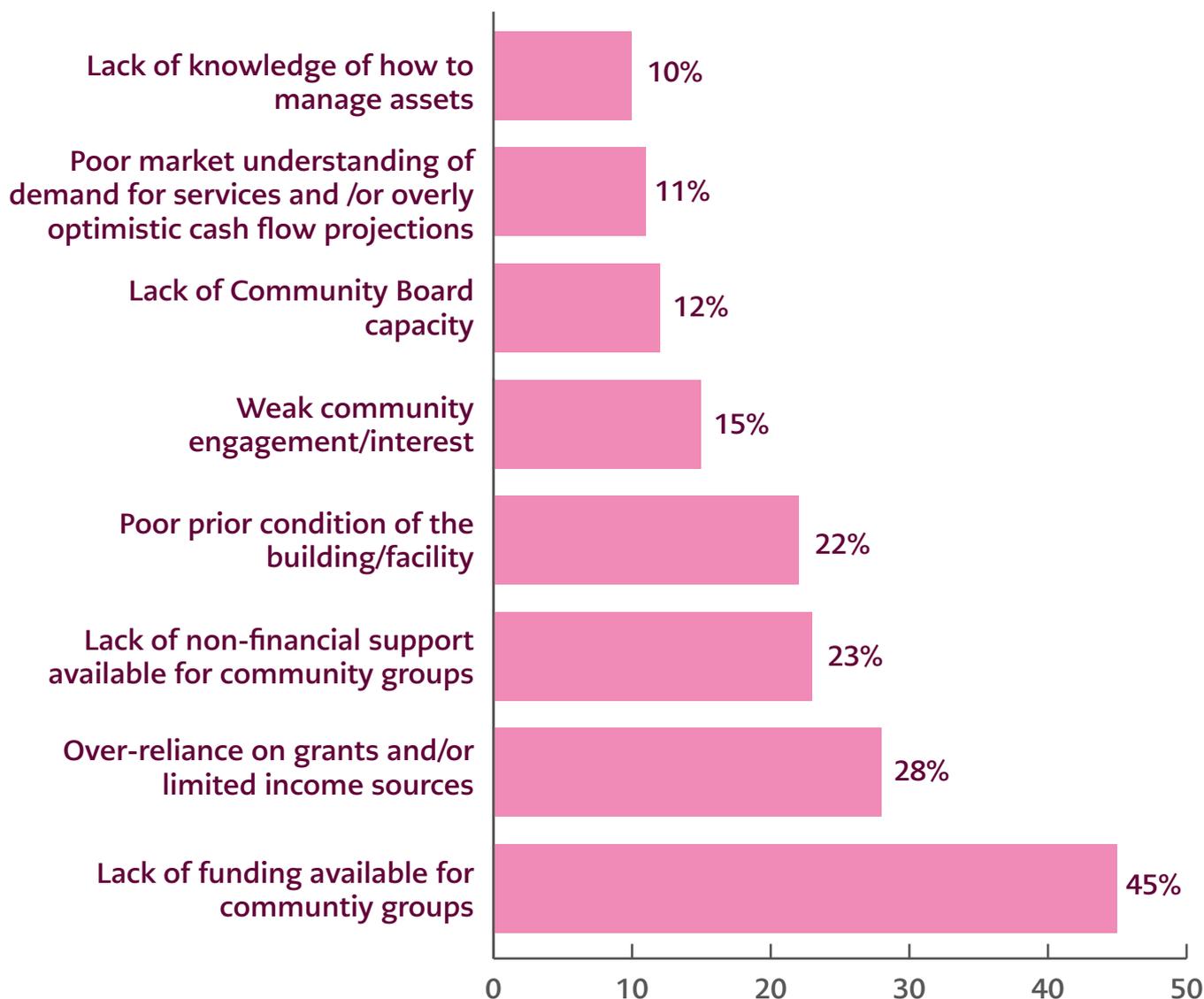
Source TNLCF Survey Q17 and Q20. n=50 Top eight challenges shown.

3.4. Management lessons & sustainability

3.4.1.Management lessons

Survey respondents were asked about the most important factors for sustaining a community asset. A wide range of open text comments were received (and are categorised in Figure 3.17 and Figure 3.18). A number of these comments related specifically to management issues (and many of the survey views were reinforced or supplemented by stakeholders).

Figure 3.17 Most important factors for sustaining a community asset
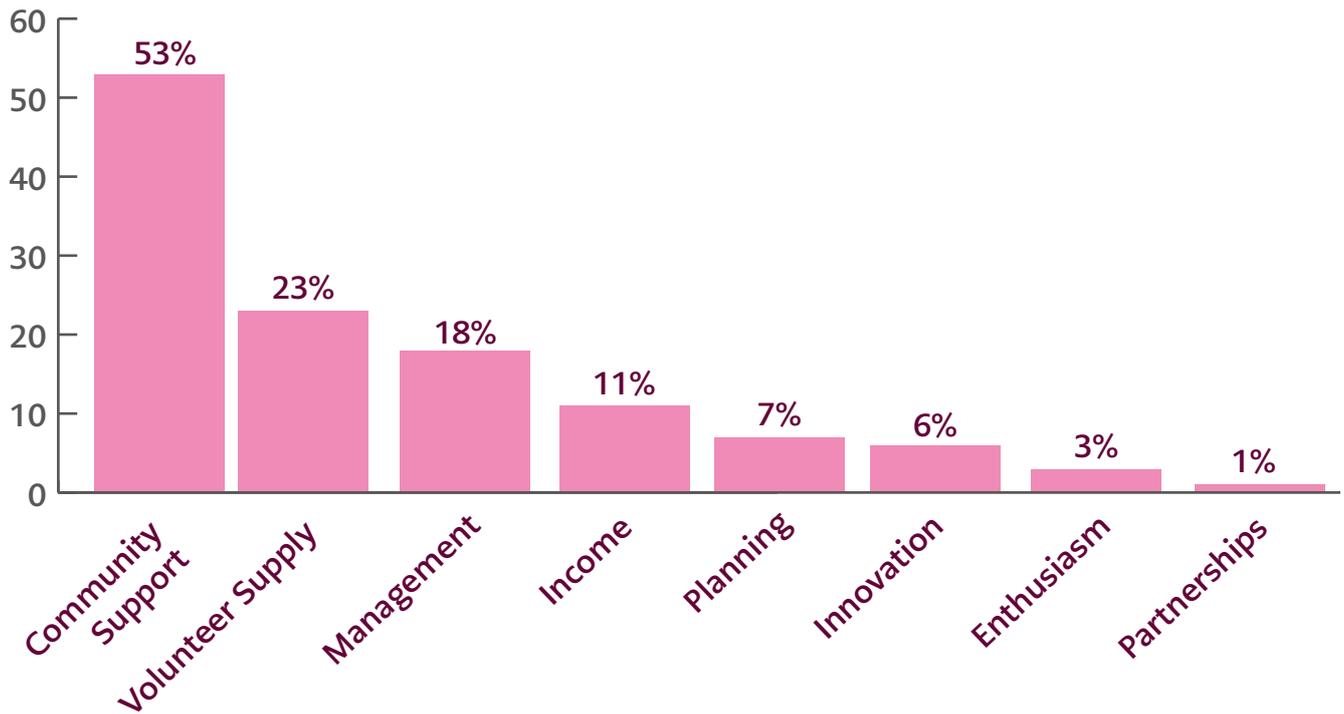
Source TNLCF Survey Qualitative Analysis of Q24.

Figure 3.18 Word cloud of most important factor for achieving a sustainable community asset

Source TNLCF Survey Qualitative Analysis of Q23.

Effective project planning. Good planning is an essential part of the process of project delivery and unrealistic plans were identified by stakeholders as a key reason for failure. In forming these plans, the importance of early professional advice was emphasised. The increased need for good planning is particularly the case in the context of reduced availability of grant funding.

Aspects of planning that were considered increasingly important were the need for both competitor analysis and stress testing of proposals. With regards to the former, several stakeholders also commented on the crowded landscape of service provision in certain localities. Both project owners and fund holders have a potential role to map and assess the level of activity within an area to minimise the likelihood of this (this is increasingly important as the number of transferred assets grows).

Rationalisation of community facilities may be necessary i.e. one successful community facility rather than two or three struggling ones. Stress-testing proposals also means that it may not be appropriate for community groups to take on some buildings (where there may be significant liabilities) and/or that the financial implications of doing so should be recognised by both community groups and funders.

Skills mix. It is seen as important by grant holders that boards have the right mix of skills (e.g. commitment, enthusiasm, commercial acumen, technical knowledge, and local community knowledge) - with a lack of commercial knowledge being the biggest flaw. Equally, it is considered essential for boards and management to draw on professional advice; particularly in the earlier phases of project design and delivery.

Succession planning. While a key ingredient identified by respondents was a committed core group, it was also considered essential to build beyond this core team. Recruiting new and/or younger people was an essential aspect of succession planning as well as a way of bringing in new perspectives and new skills.

Income diversification. Diversification of income is a significant area identified by projects in terms of realising effective management. The need for projects to develop a range of activities and sources of income, and not to be over reliant on a small number of income sources, especially grant income, was considered a key to sustained activity. This cannot be over-stated; it spreads the risk and allows additional activities/income streams to be developed.

Some income streams do not typically generate high margins (notably cafés) but they provide useful additional functions (social) and generate footfall that supports other activities. One or two good income streams (particularly linked to a product or specialist services) can allow more marginal/loss-making but valuable social projects to be supported.

Asset ownership. Owning the asset allows communities to raise finance against the asset (or if the lease is long enough). Whilst not appropriate for all community groups in all circumstances, asset ownership (or failing this, long-term leases) provide certainty for community groups.

Contingency funding. The lack contingency funding for ongoing or unexpected maintenance requirements is also seen as a key pitfall by projects (and the lack of this as being a key factor in not successfully sustaining projects).

Support through early stages. Groups typically go through a painful journey in the first one to two years, and some do not survive. Expectations of funders, over-optimistic forecasts, burdens of debt from the acquisition/ refurbishment stage are all factors.

The importance of consolidation. However, it was perceived by both projects and other stakeholders that grants for routine maintenance were often not looked on favourably by funders and that there was an emphasis on the 'new' or 'innovative'. While innovation is positive, this should not be at the expense of consolidating and sustaining existing successful projects, and this perception should be addressed.

Efficiency improvements. A focus on eliminating sources of waste and investing for the longer term were considered important (e.g. inefficient heating being a particularly important cost driver in old buildings. Consideration of ongoing running costs should be made at the outset, which may result in better building design.

3.4.2. Lessons for long-term sustainability

Survey respondents also commented on the circumstances for long-term sustainability (see Figure 3.17 and Figure 3.18 on page 38). Many views were reinforced or supplemented by stakeholders. Findings included the following issues.

Community support. The most commonly cited area by projects related to the topic of community support, which involved issues such as effective community involvement and engagement. Commitment of local people was often seen as key, with local ownership making a big difference to project sustainability. In addition, having knowledge of the local community was essential to adequately serve them and to adapt to changing needs. Membership models are successful, notably sports facilities, many of which are being effectively managed through interested community involvement.

However, while local hiring was also considered important this could also bring challenges in terms of requiring sometimes extended time scales and investment for those from a more disadvantaged background.

Volunteer development. Maintaining a strong base of volunteers was a critical factor identified by many survey respondents, but often a challenge, and an area that benefited from good communication, addressing directly the needs and concerns of the locality and adapting to changing needs.

Enthusiasm. Often taken for granted, a critical intangible element identified by many survey respondents and reinforced by stakeholders was the need for enthusiasm, passion and commitment from project owners- at least a core group – in order to sustain and drive project progress.

Partnership working. The role of partnerships and networking was not cited by many survey respondents, but several stakeholders commented on the importance of good networks as a very effective mechanism for learning. In addition, working with local partners was a key consideration to ensure the relevance of the project to local need, and to maximise support from other local partners including other projects as well as local authorities. The low emphasis on this issue by survey respondents (other than when prompted - see Figure 3.11 on page 31) perhaps reflects a tendency to 'silo thinking' on the part of some organisations.

3.5. Community benefits

Having looked at current approaches to running community assets, challenges experienced by grant holders, and management lessons, we turn finally to examine a number of the community benefits reported by grant holders. Projects delivered by supported organisations have a wide range of intended benefits above and beyond the immediate running of a physical amenity. The most common are to enhance social well-being, to help build community identity and cohesion, to improve health, and to improve education and skills (Figure 3.19). These benefits are most commonly targeted at a wide range of people from across a local community (Figure 3.20). It is also the case that not all the activities undertaken to deliver these benefits may be income generating – reflecting the difficulties faced by communities in managing their community facilities and delivering social impacts.

Figure 3.19 Main objectives of community asset

Objective	Percentage
Increased employment	14%
Improved service delivery	14%
Other	14%
Contribute to community economic development	18%
Improve local environment	28%
Enhance community capacity	37%
Improved education/skills	40%
Improve health	46%
Help to build community identity and cohesion	62%
Enhanced social well-being	72%
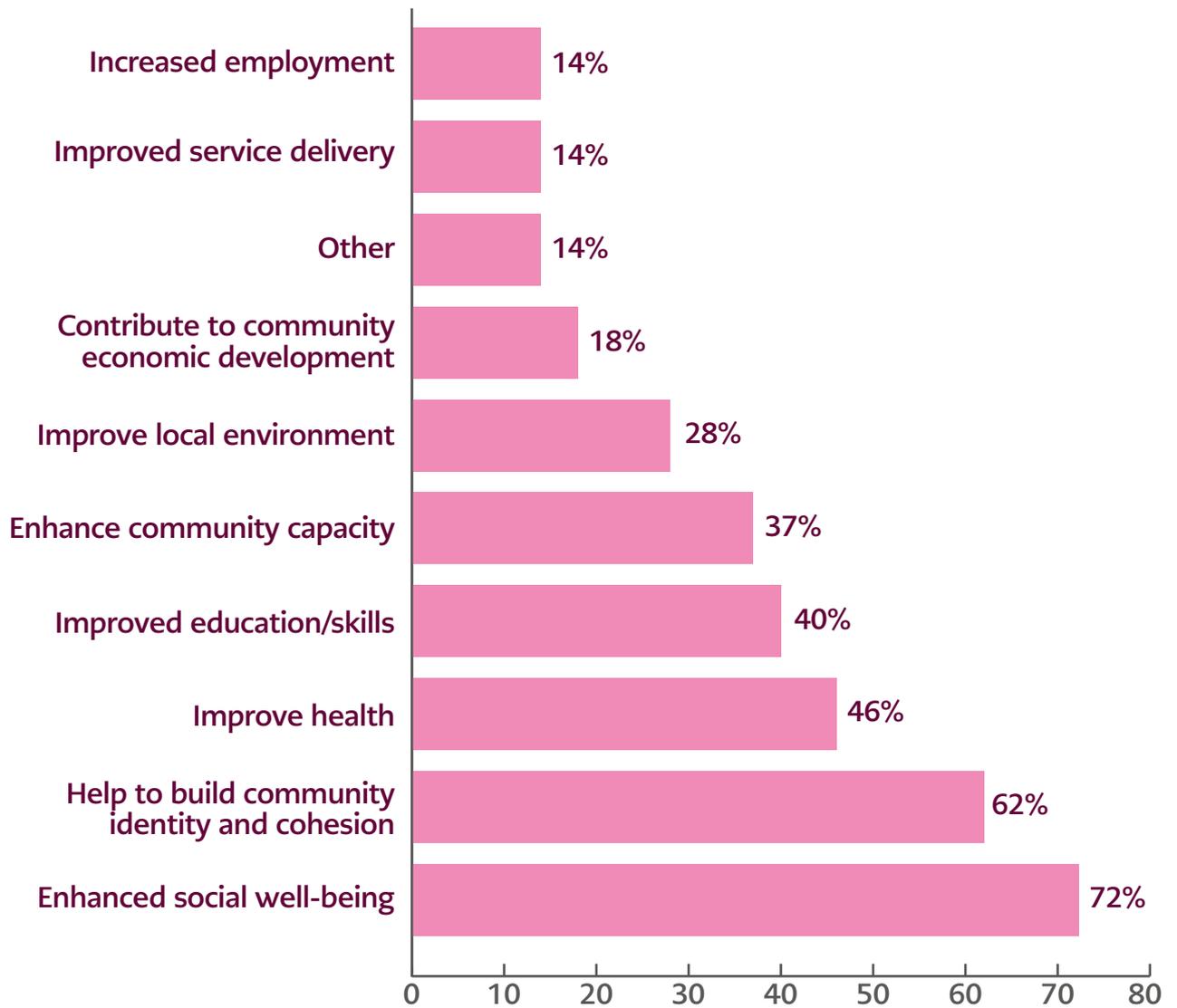
Source TNLCF Survey Q5. n=1,120.

Figure 3.20 Community asset users

Legend:
- It is used exclusively by its members
- It is used mainly by a particular group of people but others use it as well
- It is used by a wide cross-section of people from our local community
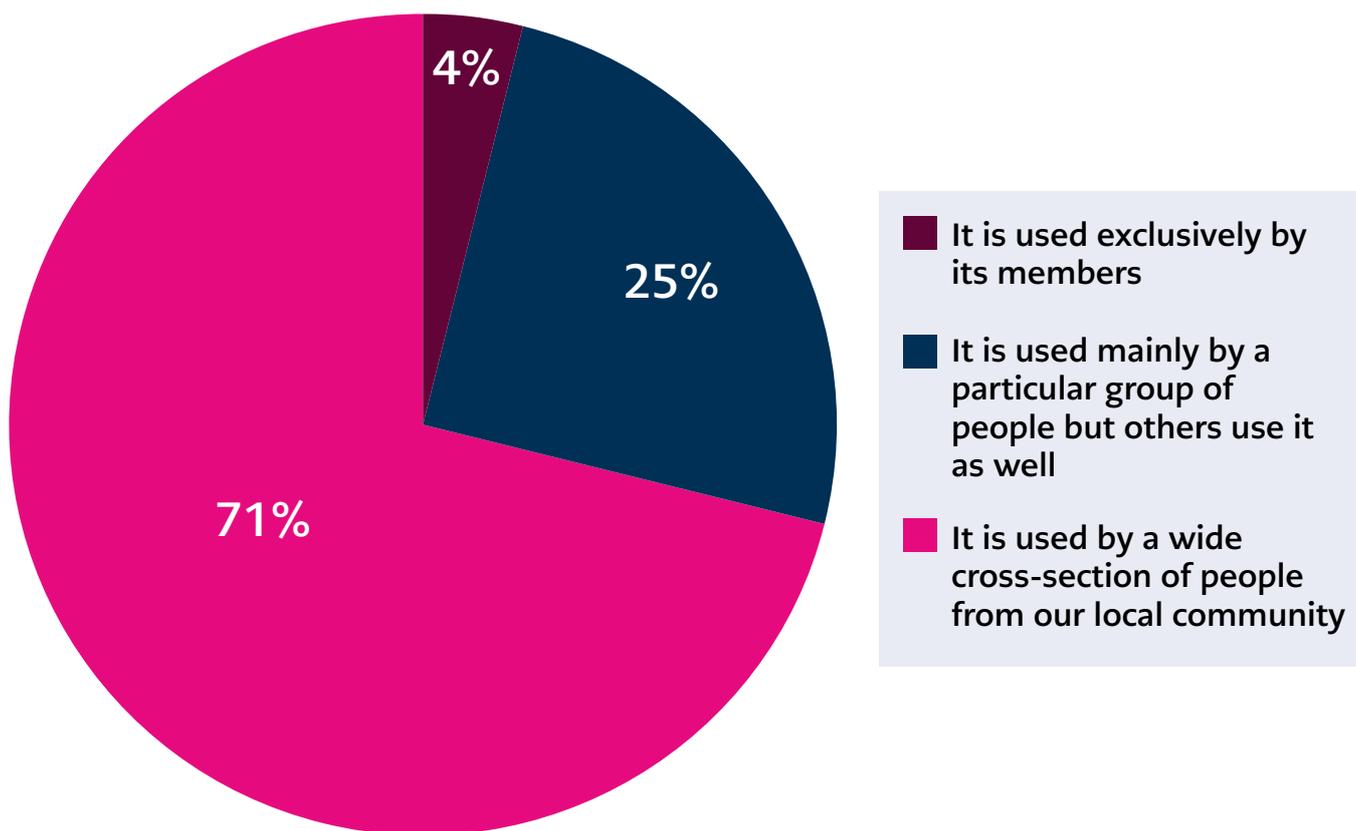
Source TNLCF Survey Q7. n=1,105.

Those activities reported as most challenged in terms of meeting targets are shown in Figure 3.21. Only one of the more common topic areas appears (i.e. 'Help to build community identity and cohesion'), and nine out of 10 respondents report projects as on target or above - a broadly positive finding.

Figure 3.21 Meeting main objectives (most challenged)
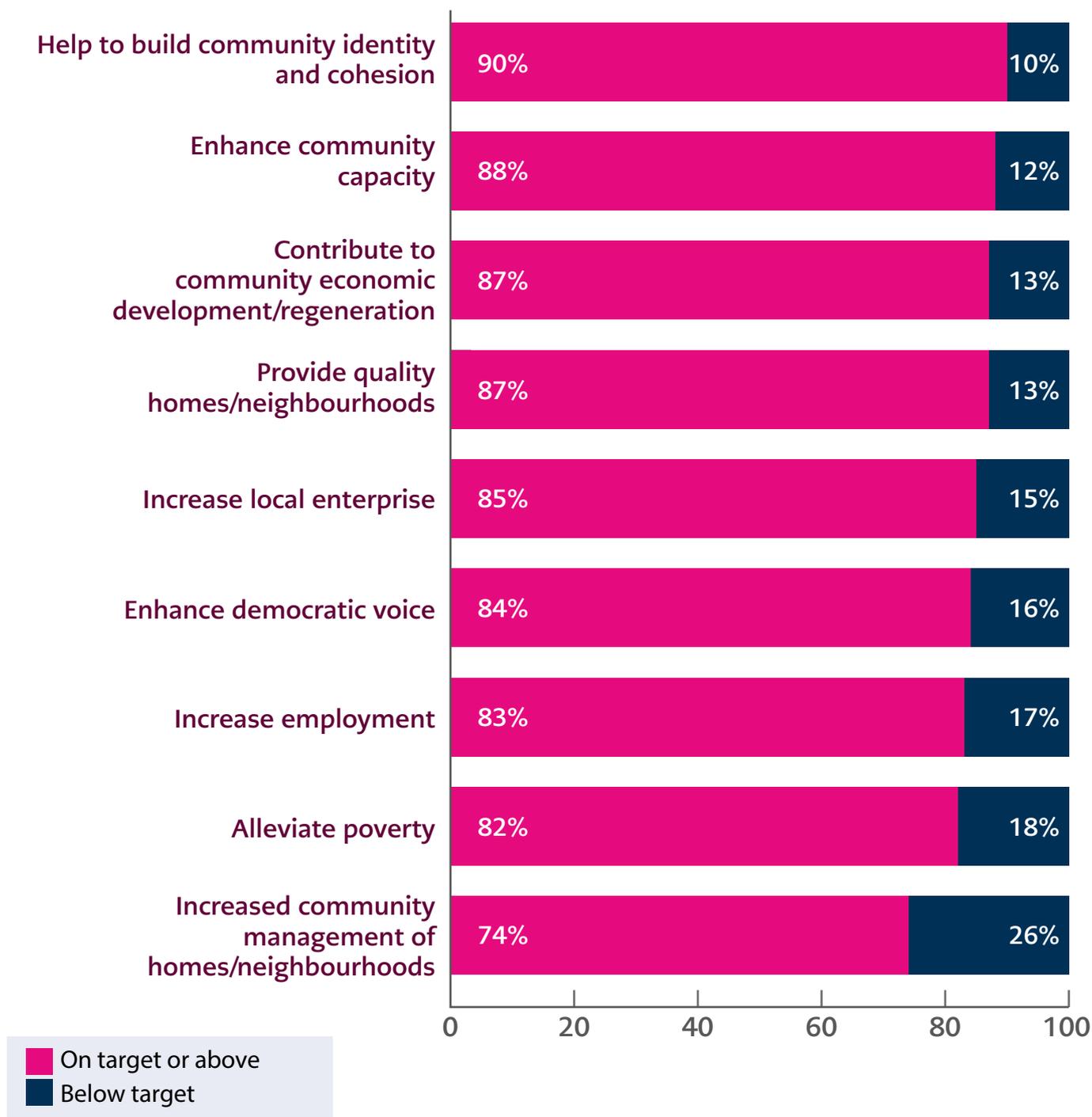
Source TNLCF Survey Q21.

However, the less commonly tackled areas that are reported as more challenged in terms of meeting targets are: 'increasing community management of homes/ neighbourhoods', 'alleviating poverty' and 'increasing employment' – all of considerable significance to areas of social or economic disadvantage. One stakeholder specifically highlighted the challenge of delivering community-led social housing projects "these are difficult in terms of the process – land acquisition, agreements, who benefits etc – and in raising the finance - generating profits from social housing projects is particularly challenging" [Senior Official, NGO, M8].

4. Case studies

4.1. Introduction

This section identifies several case studies that further highlight lessons for effectively managing and sustaining community facilities.

4.2. Margate Caves, Thanet District, Kent

Originally dug as a chalk mine in the 18th century, the Caves have been welcoming visitors since 1863 but were closed in 2004. Since 2011, campaigners determined to save the Caves gained major funding from both the Big Lottery Fund and Heritage Lottery Fund, boosted by local fundraising including a Secret Postcard Auction and a Crowdfunder campaign.

The money raised enabled The Margate Caves Community Education Trust (TMCCET) and the Friends of Margate Caves to contract geotechnical engineers to conserve the Caves and ensure they conform to all modern Health & Safety criteria, while a specialist conservator has brought the site's vibrant murals back to life, undoing years of damage.

Alongside the building and Caves works, the funding also supported a multi-activity programme that takes the Caves out to the local community, the development of a learning scheme for schools and the formation of a volunteer training hub at the Caves.

At the heart of this activity is the new Margate Caves centre (opened July 2019 after 4 years of development). The building's dramatic exterior provides a new local landmark as well as access to the restored Caves and features a shop and community café. More generally, it provides a much-needed financially viable community space (few local amenities) in an area with aspects of social and economic disadvantage. Indeed, the project forms an integral part of wider regeneration of the surrounding area.

At the back of the visitor centre are community rooms, flexible spaces providing either one large or two classroom-sized rooms, which can be used for a range of activities and are available as a base for schools visiting Margate or for local groups to meet. The centre holds numerous events for groups of all ages: scout meetings, church-led addiction recovery meetings, book-binding classes and toddlers' movement classes.

The project owners viewed the development process to date as challenging due to the complex, multi-activity approach, with highly technical works related to the caves and centre development. However, the design and build were also significantly supported by pro-bono support from local engineers and architectural professionals. In addition, key areas where help was sought included: tax advice, social media and communications support, and property / facilities management. Looking back the project would have factored in greater optimism bias – things took perhaps 10% more in both time and costs. Other lessons learned included the importance of keeping stakeholders informed- while this was done- the project would have benefitted from doing this to an even greater extent.

With a grant from the National Lottery Community Fund ending in March 2019, and with a Heritage Lottery Fund grant ending in September 2020, some of the key factors in the success of the project were identified by the project representative as "Diverse income streams, good local involvement and sound financial management". Also, a strong and

experienced project management team working closely with the Chair and Board of Trustees was viewed as a success factor.

The project has enjoyed recognition (The Margate Caves centre earned a place on the MacEwen Awards shortlist as a community-led initiative to reopen the historic attraction to the public and engage the local people with its new community space and programme of workshops, events and volunteering. Judge Hana Loftus commented: "It's originated from the community, rather than being imposed on it") and positive visitor numbers and usage to date. Nonetheless, looking forward the projects sees the next three years as moderately challenging: "The economic environment is uncertain for the heritage tourism industry that underwrites the funding for the community centre".

4.3. Netherholm Youth and Community Centre, Castlemilk, Glasgow

Netherholm Youth and Community Centre in Castlemilk was developed after a campaign led by Thenue Housing Association, which has homes in the area, in partnership with residents' group the Netherholm Area Association (the area association is linked to Thenue and receives funding and help from the housing provider so that it can represent the views of local people). The project was supported by Big Lottery Scotland which provide £995,000 from its Growing Community Assets Fund and opened in 2018.

The Netherholm Centre houses several projects. For instance, Urban Fox, a highly experienced provider of youth services, deliver the Netherholm Youth Project to 12 to 18-year olds on behalf of Thenue. This involves mountain-biking, football and other team sports and the provision of advice and information on issues as diverse as healthy eating and smoking cessation.

Both Netherholm Area Association and Thenue hailed the development as a "game changer" for Castlemilk that would help families across the community, in an area which lacked easy access to community facilities. The project cites growing community engagement and cohesion on top of the specific programmes delivered. The new centre acts as a social and economic hub for Netherholm providing a range of services and with the key priority of meeting the needs and aspirations of children and young people. It is designed as a flexible, multi-purpose building with a large hall, meetings rooms and an IT suite.

As such, the centre has diversified income from meeting room/hall hire, and office/ workspace rental, as well as grant funding. Nonetheless, the project also receives various non-financial sources of support including volunteers from the local community, and pro-bono professional advice and support.

Thenue Housing Association owns and manages around 3,500 properties around Glasgow, mainly neighbourhoods in the east end of the city. The Association's role is to contribute to efforts to regenerate the communities where they have housing, some of the most disadvantaged areas in Glasgow. These efforts go beyond the core responsibility of creating decent housing and include projects to tackle unemployment, ill health, welfare benefits issues and digital exclusion.

This work is done by the Thenue Community team and through partner organisations, the overall aim being to help people living in our communities to improve their lives.

However, the organisation's approach is to work with the active involvement of the people who live in the communities. They work closely with residents in identifying local priorities and in developing ways of tackling these, and they have formal agreements with Area Associations in several areas including Netherholm. Members of the local community are also supported to take an active role in managing and running the centre, as key holders, also reducing the staffing overhead required to operate the centre.

"Planning ahead, generating your own income and managing to balance financial and community needs" were identified as key factors achieving a sustainable community asset. The project commented, "We are in a strong position financially because we review our business plan annually and try to assess the risks ahead and ways to avoid them or work through them". The project maintains a 5-year forward plan, reviewed annually, and allied to this, has established significant contingency reserves to ensure stability and continuity of delivery in the face of a sometimes-uncertain funding environment.

4.4. Access Employment Ltd., Larne

Access Employment Limited (AEL) was established in 1999 as the first social firm in Northern Ireland. Their mission is to "work in partnership with others to provide a centre of excellence offering opportunities for disadvantaged individuals", currently providing more than 100 training places per week to individuals who have learning disability/difficulty, Asperger's, autism or other disadvantages. Individuals gain work-based skills, improve their interpersonal skills, and develop self-confidence and self-esteem, working as part of a team and complete tasks as part of a mixed ability workforce.

What differentiates AEL is the strong emphasis on a sustainable business model. It has developed multiple income streams. One of the most successful income generators is their Clearer Water, bottled water which consumers can identify as ethically supplied, which helps to sustain other more financially marginal activities, including the lunchbox café and allotments and market garden. AEL have also developed a highly successful online mail order craft supplies and stationary businesses and a packaging and assembly business, whilst always providing employment for disadvantaged individuals.

The AEL business model is founded on principles of high customer satisfaction (the online party supplies businesses have 100% satisfaction on Amazon and eBay) and repeat business, with a focus on markets outside Northern Ireland. Its core values are integrity, excellence, professional and equality. The business has consciously strengthened its engagement with the community since 2010 in order to fulfil its mission. Vital to this was the move to a more central location in Larne (rather than an industrial unit at the back end of town), so that AEL was more accessible. It also sought to move away from sub-contracting at this point, to generate income in its own right.

The move to the central location involved making use of the Northern Regional College (NRC) building, which was massively under-utilised. AEL engaged with NRC to see how the building could be better used. A cross-sectoral partnership arrangement was developed, including AEL, NRC and the Healthcare Trust. NCR retained part of the building for their evening classes, but the arrangement saw the ground floor filled with social enterprises. The co-location of the Healthcare Trust meant the building was fulfilling social, education and employment objectives, a positive joined up approach.

From 2012, several new training programmes have been provided, alongside the growing number of social enterprise activities (the bottled water, packaging business etc. mentioned above). AEL have delivered HOT (Hands-on Training) and the Fund's Transitions Programme. However, the grant income to deliver this training, whilst important to the business, comprises just 30% of total income.

AEL continues to go from strength to strength. In 2018, AEL commissioned Queen's University Belfast to carry out an impact assessment. Turnover between 2012 and 2017 increased from £0.3m to £1.1m (and to £1.5m 2019), moving from a loss-making position to net profits exceeding £100,000 per annum. Because 70% is trading income, AEL can invest its surplus in ways that benefit the business. The Queen's University research found that for every £1 AEL spends, 80p is re-spent in Mid and East Antrim areas, considerable secondary benefits, with 42p re-spent Northern Ireland's social economy.

The success factors for AEL identified in the impact assessment report reflect the core values put in practice by AEL: strong leadership; robust systems; innovation; strong economic competence; relevance; ethics and skills mix; and partnership working. The diverse income streams allow for ongoing investment in – and sustainability of – important community functions, including the on-site café, the training and the allotment space. It is a highly organised, very professional operation, which has more than trebled its number of employees from 13 to 50, offering quality employment opportunities for those who would otherwise by highly disadvantaged in the labour market .

4.5. Galeri Caernarfon CYF

Galeri Caernarfon Cyf is a not for profit community enterprise which operates as a Development Trust, which was established in 1992 (then known as Cwmni Tref Caernarfon Cyf). At the time the community enterprise was established, the town centre was in a considerable state of disrepair, with high levels of dereliction within the walled area of the town.

Over time, the community enterprise has incrementally acquired and refurbished many buildings in the walled town. These included shops, offices and housing within the walled town. The enterprise's vision is that "anything is possible…through creative thought and sustainable action" and that the company will "implement sustainable projects in a creative way to realise the cultural, economic and environmental potential of the local community and its environs".

To date, the Trust has refurbished and re-developed 20 previously vacant and run-down properties in Caernarfon. In 2010, the company employed over 50 members of full time, part time and seasonal staff, supporting another 50 additional jobs in the local economy. An independent economic impact study at the time said the company contributed almost £2.5m to the Gwynedd and Anglesey economy, and for each £1 spent in Galeri, it is worth £2 to the local economy and every £1 of grant funding generates £9.65 in the local economy.

The company has gone from strength to strength. In 2005, it opened a £7.5m culture enterprise centre, offering a range of functions, including workspaces for arts and cultural businesses, rehearsal space, meeting rooms, conferencing facilities, theatre/cinema and an on-site café bar. Units are available from 17m2 and services for businesses including reception, security, post handling, cleaning and utilities. The company now owns some

18 shops/commercial premises and housing on five streets. In 2018, it added 2 cinema screens, a further 190 seats.

Galeri is an example of a long-term community vision, which shows what can be achieved. The company started small, but has expanded to include an arts programming department, facilities management, customer service team, kitchen team, marketing and promotion, HR and finance. The board is a community-led volunteer board, with observers from the Arts Council of Wales, Gwynedd Council and Caernarfon Town Council. Galeri was Welsh and UK Social Enterprise of the Year for 2019.

Galeri has, from its earliest days, sought to be self-sustaining. The company received no revenue finding from 1996 to 2005 (Arad Report); the Creative Enterprise Centre in 2005 therefore provided an opportunity for income generation (to the extent that turnover increased to £1.2m in 2007/2008) .

4.6. Lessons

The case studies examined reinforce several lessons already identified elsewhere, including:

- Strong community engagement that actively involves local people in assessing needs, managing and delivering community assets and the associated services;

- Consistent and strong leadership that can tap local expertise and specialist support as required;

- Accessing professional advice from an early stage of the planning/development process;

- Diversification of income streams to provide stability of income and reduced reliance on grant income;

- A rigorous approach to business planning that considers the need for contingencies and ongoing maintenance needs;

- Often, pursuing a project as part of a wider integrated regeneration or development initiative, where links to surrounding initiatives are maximised.

5.Conclusions & recommendations

Drawing on the findings presented, this section presents several overall conclusions as well as a list of specific recommendations for consideration.

5.1. Conclusions

The Fund's 'Thriving Communities' framework conceptualises the difference that they seek to make through National Lottery funding. The framework is especially relevant to this research because it highlights the role of places and spaces, including community facilities, in enabling communities to thrive. Our research highlights the important, and varying role supported projects are making across the UK in enabling communities to address a range of social, cultural and economic objectives, often in areas of disadvantage.

While previous work within the Fund has developed evidence about community asset transfer as a process and policy focus, less is known about what it takes to manage and sustain an effective community asset. This research seeks to address this gap, highlighting several specific challenges faced by projects. This will help both projects and funders to further develop strategies to respond to these challenges.

The research takes place against a background of sustained pressures on public finances, reducing resources, changing demographics and a range of uncertainties stemming from issues such as Brexit and Welfare Reform. Within this context, the importance of community wealth building, inclusive growth and managing down demand for public services in a sustainable manner has never been more important.

The research shows that supported projects have wide ranging responsibilities in providing services from the assets they manage. Not all these services can or should be revenue generating, and the ability of grant holders to sustain delivery, or indeed take on greater responsibility for service delivery, will continue to be challenging, but there are also practical lessons about what works in managing and sustaining an effective community asset.

Community groups continue to succeed in managing community facilities, despite ongoing challenges, not least fiscal constraints for the public sector and the need to generate alternative income streams. Diversification of income streams is shown to provide stability of income and is important for a reduced reliance on grant income.

Despite the challenges of low margins and trade-offs between income generation and community missions, the research supports the view that groups are nonetheless surviving and making available a wide range of community facilities for their communities.

It is clear, however, that the journey for community groups is far from easy, and that much support is required. The research suggests consistent and strong leadership is required that can tap local expertise and specialist support as required. Access to professional advice from an early stage of the planning/development process is also important. Capacity for a rigorous approach to business planning is needed too, that permits consideration of the need for contingencies and ongoing maintenance needs.

The literature suggests that more successful groups are longer-standing - and successful by dint of their longevity. This research also shows that those organisations that are most challenged include those in urban areas, and areas of social/economic advantage.

The research also highlights the problems of many larger bodies in transitioning to a funding environment with lesser reliance on grant funding. In some instances, successful projects are pursuing a project as part of a wider integrated regeneration or development initiative, where links to surrounding initiatives are maximised.

Along the way, some groups and facilities fall by the wayside, and some groups are put off from managing facilities. Making it easier for groups to manage facilities - especially young organisations - can only help to build the community wealth that so many communities would benefit from. The research suggests that an important aspect of success is strong community engagement that actively involves local people in assessing needs, managing and delivering community assets and the associated services.

5.2. Recommendations

The following recommendations are made:

1. **Competitor analysis:** Funders should require realistic competitor analysis as part of project applications, and guidance should be provided by funders to project on the key steps required. Owner: Funders.

2. **Activity and service mapping:** Competitor analysis would be assisted by the maintenance of local directories of community assets and the services provided. Ongoing asset mapping (assets transferred, not just available to be transferred) will also assist authorities in prioritising the type and location of future assets to be transferred. Owner: Local Authorities and Funders.

3. **Ensure funding criteria for continuation of good projects is communicated to grant holders:** Communications about funding criteria for support should be reviewed, to remove any misconception by grant holders that 'new' activity is needed in order to be eligible. Owner: Funders.

4. **Contingency & maintenance funding:** Funders should encourage projects to maintain and update budget plans that take account of contingency requirements, as part funding requirements. Projects should take steps to budget realistically and hold appropriate contingency funds. This might also include realistic budgets for early years specifically (up to 18 months) while groups get established. Owner: Funders and Projects.

5. **Succession planning:** Funders should encourage projects, as part of funding requirements, to identify appropriate steps to ensure continuity of management. Projects would benefit from more explicit and concerted efforts to develop future resources required to sustainably manage their project. Owner: Funders and Projects.

6. **Maintenance of guidance:** While there is currently no shortage of guidance available for projects, the changing funding environment makes it important that Funders keep these resources under review, up to date, and reflective of current regulations and good practice. Owner: Funders.

7. **Local network development:** Funders and Local Authorities should do more to facilitate and encourage projects to maximise linkages with other related initiatives in their locality, to minimise duplication, over-supply (where relevant), and to further share both resources and experience. Owner: Funders, Local Authorities.

8. **Peer learning and mentoring:** In particular, funders, local authorities and projects should seek to further develop and maintain good quality peer learning and mentoring networks with structured and relevant activities. Owner: Funders, Local Authorities, and Projects.

9. **Support for projects in urban areas/ areas of disadvantage:** The research suggests prioritisation of support and /or advice towards those organisations most challenged including those in urban areas, and areas of social/economic advantage. An account management function may be appropriate for larger organisations (an account manager maintains an organisation's relationship with a client or group of clients). Owner: Funders.

10. **Adoption of creative funding packages:** Good planning should consider the most appropriate funding model for community facility acquisition or refurbishment. This might include greater consideration of social investment (by groups and other Funders) and sources such as community shares/ crowdfunding (as a way of increasing community buy-in). Owner: Funders and Projects.

Appendices

A. Literature review

A copy of the literature review is available for download here:

documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3A1084ec9b-aa8c-4e01-af87-a2df5aa5bf44

B. Stakeholder topic guide

A copy of the Stakeholder Topic Guide is available for download here:

documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3A37af7b42-ed0d-4558-b546-ce342671fe84

C. List of consultees

A list of individuals included in the consultation programme is indicated in the table below (Appendix table 1).

Appendix table 1 list of consultees

Name	Position and organisation
Berry, Neil	Director of Programmes, Access - The Foundation for Social Investment
Clarson, Dave	Independent consultant, England
Cooke, Ian	Director, Development Trust Association for Scotland
Davis, Alistair	CEO, Social Investment Scotland
Garside, Bev	Director, Empower - Support for the Voluntary Sector, Wales
Holmes, Sandra	Head of Community Assets, Highlands and Islands Enterprise
Hunter, David	Ulster Community Investment Trust, Northern Ireland
Johnston, Amanda	Operations & Membership Manager, Social Enterprise NI, Northern Ireland
Jones, Alun	Head of Social Investment Cymru, Wales Council for Voluntary Ac-tion (WCVA)
Jones, Guy	Funding Officer, TNLCF
Love, Barbara	Scottish Council of Voluntary Organisations (SCVO)
Lovgreen, Hywel	Funding Officer, TNLCF, Wales
MacLeod, Lorne	Board Member, Scottish Land Commission
Miller, Gary	Investment Manager (social enterprise), Greater Manchester Centre for Voluntary Organisation (GMCVO), England
Rolph, Stephen	Head of Community Assets and Enterprise, Locality
Scales, Jeff	Head of Services North and Central, Locality
Theodoulou, Mike	Chairman, Centre for Building Social Action, Wales
Williams, Peter	Director, Development Trust Association Wales

Name	Position and organisation
Wilson, Amy	Funding Officer, TNLCF
Wyler, Steve	Independent consultant, England

D. Survey questionnaire

A copy of the survey questionnaire (English) is available for download here:

documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3Ae39f5a12-c321-4cd7-aff5-7302a6e6c93c