FINAL REPORT

CONTENTS

(Report part of the AWM Funded BCC Community Asset Transfer Development Programme 2009/10)

Executive Summary

Rich Regeneration was engaged by Birmingham City Council between June and December 2009 to develop tools on measuring the social value and impact of asset transfer. The tools were intended to meet different needs and operate at different stages in the process of asset transfer, with the social value tool seen as a pre-lease stage and the impact tool as the basis of a post-lease monitoring framework.

The project included an Action Learning Set of seven local authorities from different parts of the country which provided a means of 'road testing' the tools on actual asset transfer projects. The two tools were also tested using two asset transfer pilot projects in Birmingham, Perry Common Hall and Norton Hall.

The social value tool as featured in this project is a development of a tool produced by Devon CC through its work as a year one participant in the Asset Transfer Demonstration Programme[1] designed to help local authorities and their third sector partners take forward asset transfer proposals. The social value tool provides a way of assessing an asset transfer project's financial robustness and contribution to strategic and neighbourhood priorities as well as putting values towards the uses to be carried out in the transferred building or on land. It also looks at savings to the local authority and impact on adjoining sites. The tool is intended as an aid to decision-making and to provide justification for discounts on market rates.

The impact tool attempts to ask the question 'what are the differences to the receiving organisation and users/locality of acquiring an asset?' In answering this question the aim has been not to try to invent a completely new methodology but rather to adapt existing the approach of outcomes measurement to asset transfer. Although there has been considerable promotion recently of formal, more academic tools such as Social Return on Investment (SRoI) by Government and others, this sort of approach is not seen as suitable here for two main reasons. Firstly, because it appears to be overly complex for something that receiving third sector organisations themselves would need to themselves use and secondly, because with regard to many of the more qualitative benefits of asset transfer (e.g. higher profile of the receiving organisation, stronger link between users and local decision – making) it is not practical, or desirable to reduce them to a financial value as would be required through SRoI.

The project is an attempt to apply practical yet robust solutions to a pressing problem in community asset transfer; namely, how do you begin to value the

[1] The programme is led by the Development Trusts Association, together with Community Matters and is sponsored by Communities and Local Government

contribution that acquiring an asset can make to both a receiving organisation, and the wider community. While the two tools outlined in this final report are by no means the final word on the matter, it is hoped that they at least succeed in serving to advance thinking in this area.

1. **<u>Background to the project</u>**

1. This is the final report into the project undertaken from June-December 2009 for Birmingham City Council to develop tools to measure the social value and impact of community asset transfer. The project involved devising and amending two tools, one for measuring the social value of asset transfer and the other the longer-term impact of giving or formalising control of a physical asset. In order to help develop and test the tools an action learning set (ALS) of seven local authorities was established which met three times. More details on the ALS are contained in appendix 1, appended to this report. The two tools were also tested through working with two community organisations involved with two asset transfer projects in Birmingham.

What do we mean by asset transfer?

2. The review by the team led by Barry Quick into community asset transfer[2] referred to the community management and ownership of assets as "a spectrum' on which the variable is the stake in the asset held by the community organisation concerned". Asset transfer can therefore be seen as a third sector organisation *formalising* its stake in a physical asset. The issue here is what changes will be brought about for both the organisation and its stakeholders as a result of it acquiring or formalising this stake in a physical asset.

Policy background on asset transfer

3. The Quirk Review into community asset ownership was clear that the over-riding goal of asset transfer was community empowerment[3]. Recent research carried out by the Young Foundation on 'well-being' indicates that English local authorities are giving neighbourhood and

[2] CLG, (2007) Making Assets Work: The Quirk Review of Community Management and ownership of Public Assets

[3] CLG 'Making Asset Work: the Quirk Review of Community Management and Ownership of Assets (2007) pp3

community empowerment[4] greater emphasis than in the past[5]. In addition, in terms of measuring progress on community asset transfer, the end-goal for Government Departments is now increasingly seen as community empowerment. This is exemplified by Public Service Agreement (PSA) 21 "To Build more Cohesive, Empowered and Active Communities".

4. The Government has recognised that third sector organisations (TSOs) are vital to the delivery of this PSA. The Empowerment Action Plan and the Government's third sector review and assessment of the future role of the third sector in social and economic regeneration both recognise that asset ownership is something that should be encouraged[6]. This has big implications in terms of developing appropriate indicators and an overall framework to measure the impact of asset transfer.

5. The Young Foundation research endorses the conclusion drawn from previous research in this area that empowerment has the potential to improve wellbeing. Within this are three hypotheses:

- That wellbeing is higher in areas where residents can influence decisions affecting their neighbourhood
- That wellbeing is higher amongst people who have regular contact with their neighbours
- That wellbeing is higher in areas where residents have the confidence to exercise control over local circumstances

Measuring wellbeing

6. How to measure well-being is a constantly thorny issue. From the Young Foundation research an overriding theme influencing well-being is the notion of **control over local circumstances**. This is also a theme that recurs in terms of a benefit that the ownership of assets can potentially provide both to third sector organisations and the local communities within which they operate.

Assessing social return on community asset transfer

7. The Government's preferred approach to measuring the impact of the third sector is Social Return on Investment (SRoI). In 2008 the Office of the Third Sector commissioned research to develop an agreed approach to SRoI and a set of shared performance indicators. The first product of this work has recently been published in the form of a

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[4] Defined as: "…the giving of confidence, skills, and power to communities to shape and influence what public bodies do for them. " – Source: the Community Empowerment Action Plan 2007

[5] Is there a formula for happy communities?, report of the Well-being project, M. Hothi, Young Foundation 2008

[6] 'Action Plan for Community Empowerment: Building on Success' CLG/LGA –Action 16 and Review of Role of the Third Sector in Social and Economic Regeneration…

guide[7]. The extent to which SRoI has been adopted across the sector is variable although a community of interested individuals and organisations is emerging[8]. To date, however there has been little attention given to measuring the social return generated through community management and ownership of land and property assets.

8. A recently published interim evaluation of the investments made by the Adventure Capital Fund since its inception (see http://www.adventurecapitalfund.org.uk/images/stories/files/delivering_against_expectations_acf_final_010208.pdf refers to the difficulty of assessing social return in this context which takes sufficient regard of external factors and 'deadweight' (i.e. what would have happened anyway).

9. The Development Trust Association (DTA) also recently carried out research to test four different approaches to measuring social value of asset transfer[9]. The approaches considered were: social return on investment, 'measuring added value' (a derivative of SRoI developed to help social enterprises in commissioning), 'change check' and the 'social value and assessment tool' developed by Devon CC as part of the DTA-led Advancing Assets Demonstration Programme. The research attempted to apply the first three of these tools to an asset transfer case study example. In the case of the latter it was deemed that sufficient examples had been collected through the CLG-sponsored Advancing Assets Programme.

10. The study concludes that in each case there were advantages and disadvantages. In addition, there were several underlying issues encountered by the research:

- The identification of social impact is still problematic and that approaches which used local people to assist in the identification of social impact made the process much easier and more effective.
- Measuring social impact remains challenging. Methods that are broad enough to encompass the softer social impact (e.g. such as 'changecheck' as developed by BASSAC[10]) are not seen as robust enough for a systematic process or external validation.
- There remains a mismatch between the academic theory underlying some of the approaches and the practical application. The academic underpinnings of some approaches have not yet been able to cope

[7] Office of the Third Sector, 'A Guide to Social Return on Investment' (2009)

[8] E.g. the development of a UK wide Social Return on Investment Network (www.sroi-uk.org.uk) and recent research on the development of model SROI approaches (e.g. State of the ART- Social Return on Investment, Sholten, P et al (2008) and Investing in Impact, Developing Social Return on Investment, Social Economy Scotland (2007)

[9] DTA, 'Measuring the Social Value of Asset Transfer' (2009)

[10] British Association of Settlements and Social Advice Centres www.bassac.org.uk

with the somewhat messy reality of asset transfer. In addition in the case of two of the approaches (SRoI and Measuring Added Value), the approaches were found to be complex and resource-intensive to apply. Put simply, if the approaches suggested are too complex and costly third sector groups will be put off from applying them.

11. The DTA research finally concluded that the four different approaches were all useful in different circumstances with a preference for the DevonCC/DTA approach being the only one that had been developed with asset transfer in mind. It could also be concluded that the approaches examined in some sense aim to do different things and could be considered as complimentary rather than as alternatives e.g. the Devon CC social value tool does not aim to measure impact of asset transfer while an approach such as SRoI would.

12. There are issues surrounding the use of SRoI-type approaches in trying to measure the impact of asset transfer which need to be addressed. Firstly, in trying to apply SRoI to measure the impact of third sector organisations there has been some doubt expressed in the course of assessments that external assessors have captured the essence of the organisation[11]. Secondly, there is concern among third sector organisations that SRoI appears to be too complex for third sector organisations themselves to adopt. Thirdly there is a growing number of people who question whether the practice of trying to put values on 'social goods' as applied by cost-benefit type approaches such as SRoI is right in principle[12].

Taking forward the measurement of social value and impact in asset transfer through the project promoted by Birmingham CC

13. In the absence of anything which is currently 'fit for purpose', there is clearly a need for approaches which allow the calculation of social value and also the wider impact of asset transfer. The suggested approach for the project was to develop two tools: firstly one which would allow a 'snap shot' calculation of the value of community use of land or property in order provide the justification for reductions in market rates; and secondly a different approach which could measure the 'ripples' as well as the 'splashes' and take account of the wider *impact* of asset transfer.

14. In summary, the approach to **measuring the social value of asset transfer** would:

[11] E.g. the SRoI carried out in Yorkshire…

[12] See 'Measuring Sustainable Procurement', Wilkinson (2009)

- Allow the financial value of community use of a land or property asset transfer to be calculated to allow deductions from the market value to be justified
- Include any savings to the Council in community ownership of land or property
- Take forward the work begun by the Digbeth Trust for Birmingham CC ('valuing worth') and Devon CC/DTA
- Not be overly complicated or resource intensive and be able to be completed jointly by both Council officers and third sector organisations

15. The approach for measuring the **impact of asset transfer** would:

- Look at *outcomes* and possibly wider *impacts* of asset transfer on a range of stakeholders if possible e.g. Council, receiving organisation, funders, wider community, etc.
- Be developed in a 'bottom up' way taking the objectives that the organisation itself and users see as important whilst also suggesting a range of common indicators of outcomes that asset transfer could achieve which could be used as a guide
- Be able to take into account negative as well as positive impacts
- Include 'qualifications' for any impacts .g. 'dead weight' –what would have happened anyway, attribution etc.
- Include *qualitative* as well as *quantitative* impacts where possible
- Not be overly complex or resource intensive for third sector organisations themselves to use

2. The Social Value Tool

1. The social value tool is intended as a means of providing a 'snap shot' assessment of a proposal for transferring an asset to a third sector organisation as well as a way of calculating the social value generated. The tool is a development of that originally produced by Devon County Council as part of the DTA-led Advancing Assets for Communities Programme. A blank copy of the social value tool is included at appendix 2 at the back of this report.

2. The tool was 'road tested' using an Action Learning Set of seven local authorities between July and November 2009. It was also applied to two pilot asset transfer projects in Birmingham, Perry Common Hall

and Norton Hall. A copy of the completed social value form for these two projects is included at appendix 3 at the back of this report.

3. The sections of the social value tool are as follows:

Section1- Financial and viability assessment

A. Financial Resources

This aims to establish what percentage of the total project costs have been secured.

B. Investment leveraged

This aims to determine the amount of investment leveraged through the transfer

C. Viability of business plan

As the long-term viability of the produced use is crucial to the sustainability of the project, this section aims to 'score' the future revenue-raising capacity of the project as indicated by the business plan.

Section 2-Strategic added value

D. Location by Priority Status

This section aims to take into account whether the asset is located either the top 5% or 10% of deprived wards according to the Index of Multiple Deprivation. The score given to the proposal reflects this.

E. Contribution to sustainable Community Strategy objectives

F. Contribution to Local Area Agreement Aims

These sections aim to take into account the contribution made by the project to the area's strategic objectives as set out in the Sustainable Community Strategy and Local Area Agreement. The proposal is again given a score to be taken into account in reaching the final social value figure.

Section 3- Neighbourhood added value

G. Contribution against neighbourhood priorities

This section aims to score the project against the priorities for the neighbourhood.

Section 4 - Proposed activities and use assessment

H. Community participation

This section of the tool aims to calculate the ‘social value’ of participation by the community in activities at the building. It uses a financial proxy of the hourly minimum wage rate per participant and also measures the value of volunteering through use of the average regional wage levels.

I. Employment and Enterprise

This section measures the specific use of the building for training or to generate jobs or new businesses using the financial proxy of minimum wages levels for training places and average regional salary per job created and a proxy from EU grant programmes for new businesses created.

J. Agency Service Usage

This section is intended to measure use of the building by other agencies such as the PCT, local authority, other third sector groups, etc. It uses a flat rate of £10 for every m2 of space rented by the agency in question.

K. Value of open land

This section is included to take into account the uses applicable to the transfer of open land and includes play and sports spaces, habitat areas, flood alleviation, car parking etc. It uses the cost of reinstatement as a financial proxy.

L. Savings on costs to the local authority

This section aims to take into account the cost savings to the Council as a result of the building being passed to the third sector. The cost savings covered include security, energy and maintenance.

M. Impact on adjoining sites

An attempt is made to capture the benefit on adjoining sites of the refurbishment and productive re-use of a transferred building or piece of land.

3. Conclusions on the social value tool

3.1. The tool provides a way of measuring social value generated by asset transfer as well as an assessment of the receiving organisation. It does not aim to measure the full impact of asset transfer.

3.2. Including values over an initial 12 month period allows for a ‘snap shot’ measurement of social value. As standard categories are used comparison of social value generated can be made between different organisations. However, all values attributed will be subjective.

4. Measuring the impact of asset transfer

4.1. The challenge of trying to assess the impact of asset transfer has been interpreted as trying to measure the change that greater control of a physical asset has on an organisation and its activities.

4.2. There are many tools which exist to measure outputs, outcomes and impacts of an activity. In devising an approach which could be used to measure the long-term impact of asset transfer the intention was not to devise a wholly new approach but to see how an existing ‘outcomes-planning’ approach could be tailored to apply to asset transfer.

4.3. The initial question posed in carrying out the research was: what difference does having an asset mean to an organisation? This was then broken down into the difference that having an asset means for A) the organisation and B) the activities that the organisation aims to carry out from the building or land.

4.4. The theory of applying and outcomes-based approach to organisations in order to measure change is already well established[13]. The challenge here is to apply such 'theory of change' approaches to asset transfer. The nature of the asset transfer will be important in terms of what it enable the organisation to do.

Issues involved in identifying relevant outcomes of asset transfer.

4.5. The issue of whether to identify outcome indicators to be used to assess the impact of asset transfer at the outset or leave this to the receiving organisation and its stakeholder is a key one. The arguments for a top-down approach might be that issues of greater financial stability afforded by asset control are fairly common and such a 'top down' approach allows comparison and benchmarking between organisations to be carried out. The key argument in favour of a 'bottom up' approach is that outcomes which matter for a local community may vary and cannot be 'second guessed' from outside.

4.6. The approach taken in this research was to recognise that outcomes sought by organisations in receipt of an asset may vary and above all, need to be need to be 'owned' and monitored by the organisation. This is important as it is envisaged that it is the receiving organisation that will take responsibility for carrying out long-term monitoring necessary to demonstrate that predicted outcomes are being achieved.

4.7. However, it was also recognised that there are common outcomes from asset transfer relating, for example, to national indicators for local government and these could usefully be set out in the form of model indicators (see table included as appendix 4). Such model indicators can provide a useful starting point when assessing asset transfer projects and be the basis of a more tailored outcomes framework. It is the conclusion of this research that the outcomes relating to a particular transfer project do need to relate to the aims and objectives of the receiving organisation, its users and stakeholders. There is no reason however, why the asset transfer outcomes selected cannot be referred back to neighbourhood, local authority-wide and national

[13] See Charities Evaluation Services (2007) 'Your Project and Its Outcomes' http://www.ces-vol.org.uk/downloads/yourprojectanditsoutcomes-139-146.pdf, also

objectives and indicators as has been attempted with the two pilot projects used here.

Stages in adopting an outcomes-based approach

4.8. The stages inherent in an approach which aims to assess the outcomes of asset transfer can be set out as follows (a blank asset transfer impact table is included at appendix 5):

4.9. Firstly, there is a need to start with the *aims and objectives* that the organisation and its stakeholders decide that having control of the asset will help it achieve.

4.10. Secondly, identify the *outputs* (often expressed in numerical terms) that it will aim to achieve through its use of the asset e.g. generating an amount of added investment, numbers of jobs, training places, etc. If possible, any outputs should be divided between those applicable firstly to the aims for the *organisation* and secondly aims for the *activities* that the organisation carries out. For example, acquiring an asset may enable the organisation to become financially more sustainable as it will be able to attract additional capital or revenue funding. It may also be able to deliver additional services due to improving the quality of the space or renting it out to another provider etc.

4.11. Thirdly, agree the *outcomes* that it is anticipated will be achieved. Again these should be divided between those changes that the organisation itself anticipates and secondly, those that the locality as a whole will result from control of the asset. Examples of the outcomes that could be achieved are raising the profile of the organisation among the community as a result of more local people taking places on the board and having greater reach in its service delivery as a result of being able to let new or refurbished rooms in the building to other organisations.

4.12. If the chosen outcomes are only achievable over a long timescale (e.g. reducing levels of poverty in the area) there may be a need to also choose intermediate outcomes (e.g. an increase in shorter-term benefits take up). There may also be unwanted outcomes (e.g. an increase in noise resulting from increased use of a centre by young people which may impact on local people). While unwanted outcomes are not usually included in planning, there is a need for on-going monitoring in order to pick up such outcomes and address them.

4.13. Together with the identifying of outcomes is a need to agree indicators that will be used to show that the chosen outcomes have been achieved. Examples of these could be elections for board places which are regularly contested by local people where there has traditionally been little interest and an increase in the level of qualifications gained by a particular targeted user group and consequent improvement to their employability.

4.14. Fourthly, if it is possible to relate the outcomes directly to the priorities for the locality and neighbourhood and also to relevant national indicators, this should be done using the outcomes table.

4.15. Finally there is a need to keep the outcomes and consequent monitoring process simple in order not to detract from the work of the third sector organisation. Although there will be a large number of possible outcomes it will be important to focus on the ones seen as most significant for the achievement of the objectives of the organisation.

Outcome indicators

4.16. The issue of how to measure whether an outcome has been achieved or is on the way to being achieved has been subject to extensive discussion. The outcomes tool uses both qualitative and quantitative measures e.g. those that can be counted as well as those which relate to how recipients feel about the outcome. The important thing will be that there is in place a means of measuring that change has taken place. To do this it will be necessary to have a way of measuring the baseline situation before the activities take place. Methods for recording the baseline will include the user surveys. Organisations frequently carry out surveys of users and it will be important not to duplicate monitoring that it already taking place. The use of samples of users will usually be necessary in order to reduce the amount of monitoring activity taking place.

Qualifying outcomes

4.17. While it may be possible to gather evidence using an agreed outcome indicator to show that an outcome has been achieved (e.g. users reporting improved health) there may be other projects operating in the locality that could have an impact in achieving this outcome. In such situations it will be necessary to explore an outcome and user responses in order to clearly link it to the project in questions. In terms of trying to measure the impact of the organisation having control of the asset may also require further monitoring.

4.18. In order to see the whole picture it will often be necessary to see outcomes in their full context e.g. in terms of the other organisations operating in the area. It may be helpful to get information from a number of sources in order to underpin conclusions regarding the impact of the asset and receiving organisation.

5. <u>Conclusions on the Impact Tool</u>

5.1. The requirements for an asset transfer impact tool were to try to measure the difference that control of a physical asset makes on both the receiving third sector organisation and its activities. Importantly, any approach had to be simple enough to allow the third sector organisation itself to apply as part of its long term monitoring.

5.2. A decision was made not to try to devise a new approach to impact measurement but rather to try to adapt the existing approach of 'outcomes planning' to asset transfer. This is an established approach which, through organisations such as Charities Evaluation Service, the third sector will be familiar.

5.3. A key part of the approach is to include both qualitative as well as quantitative outcomes in any assessment. This was done in recognition that some of the change taking place will be although equally valid, more qualitative in nature (e.g. a perceived improvement in quality of services, a perception of feeling safer, etc.) and therefore it would not appear appropriate or desirable to try to reduce these to a number or monetary value. It does require, however, that the receiving organisation, once it objectives have been set through dialogue with , have in place a means of monitoring both the baseline situation in the areas concerned and also change over time.

5.4. The approach to measuring impact of asset transfer was piloted using the same two asset transfer projects in Birmingham. Outcomes reports and maps for these projects are included at appendix 6.