

**Plunkett UK** is a national charity supporting people, predominantly in rural areas, to set up and run successful businesses in community ownership. They do this to achieve a UK-wide vision for resilient, thriving and inclusive communities.

Plunkett has promoted the community ownership model for over 100 years because of its track record for delivering better businesses for people, communities, the economy, and the environment.

### **What is a community-owned business?**

Plunkett define community-owned businesses as those which are owned and controlled by community members, who each have an equal and democratic say in how the business is run.

### **What are Plunkett UK calling for?**

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

We believe that where residents have identified an asset of value to their community, such as a shop, pub, sports facility or green space for example, they should have a ***right of first refusal*** to purchase the asset, if it becomes available for sale.

The asset should be available to the community at a fair price that has been set by an independent valuation.

### **What is the problem we hope to address?**

**Interest in community-ownership has never been at a higher level.** Plunkett currently receives circa.500 new enquiries annually. Of these new enquiries, **only 1 in 8 succeed** in reaching trading status with a lack of premise a common challenge. We believe that a ***Community Right to Buy*** will improve the chances of communities succeeding with their community-ownership ambitions.

### **Registering and maintaining a database of community assets**

To support a UK-wide ***Community Right to Buy*** there must be a **publicly available register or registers** held at national, or sub-national level which contains the details of all assets listed as having a “value to the community” and presented in a consistent format.

**Residents need to have a process that empowers them** to identify and record any assets which they wish to bring in to community-ownership for community benefit, should they become available for sale.

This should build on what exists, with residents in England able to use local authority-maintained Assets of Community Value registers and in Scotland there is the national Register of Community Interests in Land.

**Transparency around the current ownership of assets, land and buildings is critical** if community groups and organisations are to be afforded a right of first refusal should the asset become available for sale. Local residents should be aware of who owns the assets in their community, to make the registration as an asset of value simpler.

## What Community Rights currently exist to support community-ownership projects?

| In England   | In Scotland   |
|--|---|
| <ul style="list-style-type: none"> <li>Localism Act includes a number of community rights to empower community ownership and control of assets.</li> <li>Most relevant to community-owned business projects is the Community Right to Bid.</li> <li>Communities can register an “Asset of Community Value” (ACV) with their local authority, justifying the social value of the asset.</li> <li>If the asset becomes available for sale the community are given an initial 6 weeks (referred to as a moratorium period) to confirm their intention to bid on the asset.</li> <li>Once the community have confirmed their intention to bid, they are granted a further 6-month moratorium to become a legally constituted organisation, develop their business plan and raise the finance to bid on the asset.</li> <li>An ACV registration lasts for 5 years, an application to re-list the asset can be made after this point.</li> </ul> | <ul style="list-style-type: none"> <li>Land Reform Act / Community Empowerment Act actively promote community-ownership of land and assets.</li> <li>Communities can apply to register an asset on the Register of Community Interests in Land. The register is maintained centrally by the Scottish Government.</li> <li>There is a “Community Right to Buy” including a right of first refusal for the community to purchase the asset when it becomes available for sale.</li> <li>The community must form a legally constituted body to purchase the asset.</li> <li>Scottish Government approves the application to register an asset if there is sufficient evidence of support from the community.</li> <li>Scottish Government may underwrite an independent valuation of the registered asset when it comes up for sale.</li> <li>Assets will remain on the Register for 5 years, an application to re-list the asset can be made after this point.</li> </ul> |
| <p>There are currently no Community Rights in <b>Wales</b> and <b>Northern Ireland</b>.</p>  |   |

## Issues with the current legislation

| In England  | In Scotland   |
|---|---|
| <ul style="list-style-type: none"> <li>Only 15 out of every 1000 ACVs results in community ownership.</li> <li>Low levels of awareness of the Community Right to Bid or ACVs.</li> <li>Inconsistency across local authorities in the process for registering an Asset of Community Value and displaying their respective asset registers.</li> <li>No obligation for a seller to sell to the community within the moratorium, or to accept their offer even if it reaches the desired asking price.</li> <li>The seller can command their own price, even if an independent valuation determines it is excessive.</li> <li>Communities can struggle to be ready to raise enough money to purchase the asset within the short timeframe of six months</li> </ul> | <ul style="list-style-type: none"> <li>Only 24 assets have become community-owned as a result of the Community Right to Buy legislation.</li> <li>Low levels of awareness of the Community Right to Buy.</li> <li>The process for applying to list an asset on the Community Interests in Land can be very time consuming for community groups and the complexity can be off-putting.</li> <li>There is a lack of transparency around land and asset ownership which undermines the Right to Buy.</li> <li>Without funding such as the Scottish Land Fund, which provides up to 95% of the purchase costs, there is a danger that community groups may not be able to raise sufficient funds to buy the asset.</li> </ul> |

### What improvements could be made to current legislation, in England?

- Issue universal guidance on the registration of assets to local councils, to promote consistency in the process of listing an Asset of Community Value
- Ensure that community assets are not delisted by default (after a definitive time period) without consulting the community
- Involve nominating parties (acting on behalf of the community) in any appeals process where an ACV is challenged and proposed for de-listing
- If an ACV is made available for sale, mandate an agreed purchase price for the Community Bid via an independent valuation
- Grant an extension to the moratorium period for the Community Bid, if the group have raised 75% of the value price at the current 6 month deadline

Even with these proposed improvements in England the community groups would remain beholden to a seller, who is no way obliged to sell to the community. Replacing the Right to Bid with a Community Right to Buy, offering a right of first refusal on the asset when it is available for sale strengthens the process – it commits to a community purchase.

### What improvements could be made to current legislation, in Scotland?

- Provide greater transparency and information about private land ownership
- Increase awareness of the community rights legislation, including clear guidance on how to register assets and supporting community groups with the process
- Promote registration via existing community organisations, such as community councils or local charities as well as encouraging new bodies to be set up

### What further improvements could be made UK-wide?

Having a UK-wide Community Right to Buy will create an equal chance for successful community-ownership regardless of where the project is located.

Not having consistent community rights in all four UK nations is currently prohibiting the number of groups that succeed with a community ownership project in England, Scotland, Northern Ireland, and Wales.

### “Keep it in the Community” – A template for National Asset Registers

Plunkett maintains an online platform, called **Keep it in the Community (KIITC)** which contains the most comprehensive data set for Assets of Community Value in England. The platform aims to act as a comprehensive resource for anyone interested in protecting a local asset.

As well as containing assets listings, KIITC includes information about the community-ownership process and provides links to other resources and organisations to support local groups. The ambition is that the platform enables anyone listing assets of value to feel informed about and confident to progress a community-ownership project long term.

KIITC provides a template that could be deployed as a UK-wide community asset register, with national or sub-national access/registration points. Each access point

would include bespoke links to relevant national policy, advice and available support for community groups across the four nations. To be successful it would require registering bodies, be that councils or governmental departments to be mandated to use the platform and support its development.

### How could a Community Right to Buy work in practice?

Informed by the views of members and other stakeholders, Plunkett proposes the following outline for a Community Right to Buy.

#### *Registration:*

1. Community identifies the “asset of community value”, which could include land or buildings
2. An existing community organisation, or a newly formed community organisation registers the asset clearly stating the community, social, economic and environmental benefit of protecting the asset
3. The designated authority; which could be national, sub-national or regional bodies, reviews the nomination and either accepts or declines the nomination
4. The asset owner and nominating community group are informed of the decision
5. The decision is published on a publicly available national register of assets, stating the reasons for approval or decline
6. If an asset is declined the community group is provided with clear reasons for the decision and offered an opportunity to resubmit an application
7. The “asset of community value” registered will be listed for a maximum of 5 years, but could be removed earlier with agreement from the nominating community group

#### *Community Right to Buy:*

1. The Community Right to Buy is triggered when a registered asset is put onto the market
2. The asset owner will notify the designated authority of their intention to sell and the authority will notify the community group that registered the asset it is available for sale
3. The community will be afforded an initial 6 week moratorium to consider whether they wish to buy the asset
4. If the community **do not** wish to proceed, then the owner is permitted to progress with a private sale after the 6 weeks has concluded
5. If the community **do** wish to proceed, they confirm this with the designated authority and the authority will notify the asset owner
6. The designated authority will secure an independent valuation of the asset and agree the purchase price
7. The community are given a 6 month moratorium period to then develop their business case and raise the required funds to purchase the asset
8. An extension to this moratorium would be triggered if the group have secured 75% of the purchase costs at the 6 months, with an extended completion date set with the agreement of asset owner and designated authority
9. The community takes ownership of the asset upon the conclusion of the sale.