

# Community Ownership Fund: prospectus

Published 15 July 2021

Policy paper © Crown copyright 2021

## Ministerial foreword

The remarkable way that communities have come together to support each other through the pandemic has been inspiring and humbling in equal measure.

As we shift from response to recovery, it is important, as the Prime Minister has said, that we don't revert to the status quo. We must harness that spirit of resilience, selflessness and neighbourliness to build back better; to redouble our efforts to level up opportunity and prosperity to build a fairer, stronger, more United Kingdom.

To that end, we are thinking and investing big in all parts of the UK, especially in those areas which have been historically underserved, through our £4.8 billion Levelling Up Fund – building on the success of our £3.6 billion Towns Fund – and our £220 million Community Renewal Fund.

But in our efforts to reassert local pride alongside national belonging, it's right that we also think local. That we consider the everyday infrastructure – the community centres, pubs, the high streets – that makes such a difference to our quality of life. That is exactly what our new £150 million Community Ownership Fund aims to do by ensuring that communities across the United Kingdom can own and manage their most treasured local community assets.

Whether it's the pub on the high street that's facing closure, a village shop or a local sports team that might lose its ground – this is an opportunity for groups to take them over and to run them as businesses by the community for the community.

These are the institutions, the glue in our social fabric, that give people a chance to meet their neighbours and friends and bond over a shared love of where they live. Institutions that affirm powerful links between identity and place, between the past and the future and between community and purpose.

As we bounce back from the pandemic, we are determined to see these special places and the people that care about them thrive through this Fund. I look forward to seeing the ambition and creativity of the proposals we receive.

**Rt Hon Robert Jenrick MP**

**Secretary of State for Housing, Communities and Local Government**

## Overview

The £150 million Community Ownership Fund is for communities across the United Kingdom. It has been set up to help communities take ownership of assets and amenities at risk of closure. It will run for 4 years.

*The first bidding round opens on 15 July 2021.*

Voluntary and community organisations can bid for match funding.

Funding may support the purchase and/or renovation costs of community assets and amenities, subject to the full eligibility criteria outlined in this prospectus.

The fund will support a range of community ownership proposals. For example, projects may include:

- sporting and leisure facilities
- cinemas and theatres
- music venues
- museums

- galleries
- parks
- pubs
- post office buildings
- shops

Proposals will need to prove the value of the asset to local people and that the asset can run sustainably for the long-term benefit of the community. This prospectus sets out information on the:

- funding available
- how to apply
- eligibility
- assessment criteria

## **Key dates**

The Fund will run until 2024/25 and there will be at least 8 bidding rounds in total.

*This prospectus contains details for round 1.*

Other key dates are as follows:

- 13 August 2021 – deadline for submitting applications to the first bidding round
- December 2021 – round 2 will open
- May 2022 – round 3 will open

We will publish further details and an updated prospectus and guidance notes for round 2 in the autumn.

If you do not think you will be ready for the first round, we are planning to have regular bidding rounds a year.

The government will learn from the first bidding round and amend the criteria as necessary to ensure that the Fund has the reach and impact intended to support communities.

## **Purpose of the Fund**

The Community Ownership Fund is a £150 million fund over 4 years to support community groups across England, Wales, Scotland and Northern Ireland to take ownership of assets which are at risk of being lost to the community.

It forms part of a substantial package of UK wide levelling-up interventions, helping to support recovery, build opportunity and empower communities to improve their local places.

Community ownership of assets can be a catalyst for bringing people together and helping communities to flourish. But there is a long-term trend of communities losing amenities that foster a sense of community pride and bring people together. This has a knock-on impact on people's satisfaction with the place they live, and the strength of local communities.

Community ownership can be a sustainable model for protecting local assets and facilities. It can unlock additional community benefits and help communities shape the things that matter most to them locally. It can sometimes be hard for community groups to raise the funding needed to buy the asset so they can run it sustainably for the long-term benefit of the community. The Community Ownership Fund will support local people to save local community assets and amenities at risk.

The fund is open to community groups across the United Kingdom. Communities applying to the fund should have a strong vision for the long-term future of the asset, its purpose and potential in community life, and a plan for how the asset can thrive under community ownership.

## Strategic objectives

The Community Ownership Fund has 4 strategic objectives:

- provide targeted investment for communities to save community assets that would otherwise be lost
- strengthen capacity and capability in communities to support them to shape their places and develop sustainable community businesses
- empower communities in left behind places to level up
- strengthen direct links between places across the UK and the UK government.

## Programme outcomes

For the purposes of this Fund, community ownership refers to the ownership and management of local community assets or amenities by a community organisation in order to deliver benefits for the community and place. To be eligible for investment from the Fund, the terms of community ownership must be either the ownership of the freehold or a long-term leasehold of at least 25 years minimum (with no break clauses).

Community ownership of assets can boost local connections, participation and pride of place, and bolster community resilience. By investing in the capacity of communities across the United Kingdom to take ownership of the places and spaces that matter to them, we will strengthen the social infrastructure that helps communities to thrive.

All applicants must demonstrate the potential of their projects to deliver against all of the following outcomes:

- protect a community asset or amenity that is at risk and preserve its community value
- develop a sustainable operating model to secure the long-term future of the community asset in community ownership
- safeguard the use of community assets and associated local amenities

All applicants must also show how their project will help deliver one or more of the following outcomes for their place:

- increase feelings of pride and improve perceptions of the local area as a place to live
- improve social trust, cohesion and sense of belonging
- increase local participation in community life, arts and culture and/or sport
- create additional local economic outcomes – including creating jobs, volunteering opportunities and improving employability and skills levels in the local community
- create additional social and wellbeing outcomes – including delivering positive impact in physical and/or mental health and reducing loneliness and social isolation.

We will invest in community ownership projects where these assets and amenities make the biggest difference to the local place. Research commissioned by Power to Change and the Ministry of Housing, Communities and Local Government (MHCLG) ([www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership](http://www.powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership)) shows that the availability of community spaces and amenities is not evenly distributed, with more affluent areas benefiting from greater access.

We also know that the absence and decline of civic, cultural and community infrastructure contributes to places feeling left behind.

As part of the assessment criteria, applicants will need to demonstrate how the benefits of the community asset will address community need in their local place.

Read our guidance documents ([www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance](http://www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance)) which will help applicants understand how they can demonstrate their potential to deliver these outcomes in their funding proposals.

## **Strengthening community ownership across the United Kingdom**

The Fund will be delivered directly by the UK government in England, Scotland, Wales and Northern Ireland.

The UK government is committed to fair opportunities to access funding through the Community Ownership Fund across the UK. At a Scotland, Wales and Northern Ireland will benefit from a guaranteed allocation in line with per capita share. This will mean a minimum of £12.3 million in Scotland, £7.1 million in Wales, and £4.3 million in Northern Ireland.

Applications will be assessed by a consistent framework. The design of the fund recognises there are different landscapes for community ownership across the United Kingdom, with different legislation and support contexts in England, Scotland, Wales and Northern Ireland. Eligibility for the fund and bidding criteria is consistent across all parts of the United Kingdom.

### **Priorities for bidding round 1**

We recognise that communities across the United Kingdom who are interested in this fund will be at different stages. We will run at least 8 bidding rounds, to give all communities the chance to submit a bid at the right time for them.

The priorities for the first round are to invest in projects which are ready to access capital funding and complete their projects within 6 months. All round 1 bids must be submitted by 13 August 2021.

This bidding round will be most suitable for community groups who have done preliminary work and have a viable business plan to take ownership of the local asset or amenity at risk.

Applicants must be able to demonstrate the asset is at risk, has a realistic chance of sale or transfer within 6 months of applying to the Fund, and be able to provide a full business plan for how the community asset will be run sustainably.

Matched capital grants of up to £250,000 will be available for most projects. In exceptional cases, up to £1 million matched capital grants will be available to help establish a community-owned sports club or help buy a sports club or sporting facilities at risk of being lost.

The Community Ownership Fund will provide up to 50% of total capital costs, matching other funds and resources raised by the applicant. Applicants will need to demonstrate they have raised other funds to cover the total capital costs of their project. For this round of funding, applicants will need to show they will be ready to draw down capital funding from the Community Ownership Fund within 6 months of their application.

The UK government recognises that taking ownership of a community asset and running it as a sustainable community business requires the right mix of revenue funding alongside capital grants. Bidders can therefore apply for some revenue funding to help with the associated revenue costs of taking an asset into community ownership.

Revenue will not need to be matched and applicants can apply for grants up to a maximum of £50,000 (and no more than 20% of total capital costs applied for through the Fund) providing they can demonstrate how this funding will support them to complete their project and develop a sustainable operating model.

### **Future bidding rounds**

Interested community groups who are not ready to apply in the first round should start to think about future rounds.

*The second bidding round will open in December 2021, and the third in May 2022.*

There will be a minimum of 8 bidding rounds over the 4 years and there will be no advantage by being in any particular round.

The government will see what lessons can be learnt from the first bidding round and, if necessary, amend the criteria and process for future rounds to ensure that the Fund has the reach and impact intended to support communities.

In future rounds we may also offer additional support grants to community groups at an earlier stage of development, to help understand if their community ownership project is viable or not.

This will be more suitable for communities who have identified a local asset at risk and have an idea about how to bring it into sustainable community ownership but have not worked up detailed operating models and proposals to take on and manage the asset.

Access to funding and advice through subsequent rounds may be available to help communities with early-stage plans to develop viable proposals and become investment ready.

## **Next steps**

A full guidance document ([www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance](http://www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance)) for applicants is published on GOV.UK.

The online portal for applications will open on 30 July 2021. A full application template ([www.gov.uk/government/publications/community-ownership-fund-application-form](http://www.gov.uk/government/publications/community-ownership-fund-application-form)) is published at gov.uk. Applicants should use the template and guidance document to prepare all the information required for their application, prior to submitting via the online portal from 30 July 2021.

We will be running webinars for applicants throughout July and in the first weeks of August. Full details will be published and updated on gov.uk.

You can email [COF@communities.gov.uk](mailto:COF@communities.gov.uk) if you are unable to find the answer to your query in these documents, and an MHCLG advisor will be able to help.

## **Eligibility criteria**

The Community Ownership Fund is open to applications from communities to buy or take over local community assets and amenities at risk of being lost and run them as community-owned businesses.

### **What we will fund**

To be eligible for funding, applicants must demonstrate that the community asset they want to save fulfils the following criteria:

#### **There is a risk of loss without community intervention**

Risk might be from closure, sale, neglect and dereliction under current ownership, or unsustainable operations under the current business model. Applicants need to demonstrate the nature of the risk facing the asset. This will include evidence that without community intervention the asset or amenity would be lost to the community.

#### **Community value**

Applicants will need to show the contribution of the asset to their community including to their social wellbeing or cultural, recreational or sporting interests of the local place.

#### **Community use**

The asset will be used and accessed by the community or have had a community use in the recent past, which applicants will need to evidence in their application. We may fund applications relating to assets that are currently derelict, however there will need to be evidence that the asset had a community use within the last 5 years.

#### **Long-term sustainability**

Applicants will be required to demonstrate a clear plan for how the asset can be sustainable in community ownership in the long-term.

The Fund will also support projects which fulfil one or a combination of the following:

- acquire a physical community asset or facility at risk, such as land and buildings which deliver a benefit to local people
- renovate, repair or refurbish the asset, only where this is part of a sale or transfer to save a community asset at risk and where this is critical to saving the asset and making it sustainable
- set up a new community business or buy an existing business in order to save an asset or amenity of importance to the community
- The purchase of associated stock, collections or intellectual property, where it is associated with buying a physical asset or buying a business to save an amenity
- move a community amenity to a new, more appropriate location within the same community. This might be because a different location offers better value to continue the amenity, or because the venue is in itself an asset of community value

We will not publish a definitive list of community assets and amenities which are in scope of the Fund. It is important for communities to set out what matters most to them, and the benefit which the asset they wish to save brings to their place.

Projects could include (but are not limited to):

- community centres
- sporting and leisure facilities
- cinemas
- theatres
- music venues
- museums
- galleries
- parks
- pubs
- post office buildings
- shops

For projects in England any building or land which has been listed by a local authority as an asset of community value would be within the scope of the fund.

For projects relating to sporting assets or assets which are currently owned by the public sector there are a set of additional criteria which must be read in detail before applying.

### **What we will not fund**

The Community Ownership Fund will not provide funding to:

- pay off businesses' debts or to buy an indebted business
- purchase housing assets
- new-build projects to develop new assets or amenities, unrelated to saving or preserving an existing asset or amenity
- general revenue for community activities or events unrelated to the acquisition or transfer of a community asset or amenity
- purchase costs of publicly-owned assets

### **Who can bid**

The Community Ownership Fund will consider applications from voluntary and community organisations from all parts of the United Kingdom who have a viable plan for taking ownership of a community asset at risk and running it sustainably for community benefit.

Applications for funding will only be accepted from incorporated organisations which are set up to deliver charitable purpose, social purpose or public benefit. This is to ensure that we are funding organisations who have the right maturity to manage the community asset and deliver benefits for the community.

We will only invest in projects which demonstrate how the asset will be protected for the long-term benefit of the community. Organisations must show this through their charitable purpose and/or an asset lock within their governing documents.

The legal structures of organisations across the United Kingdom we might expect to apply include the following:

- a charitable incorporated organisation (CIO)
- Scottish charitable incorporated organisation (SCIO)
- co-operatives including Community Benefit Societies
- community Interest Company (CiC)
- not-for-profit company limited by guarantee

To be eligible for funding, applicants will also have to demonstrate they are accountable to the local place and/or community they represent, how they will operate for the benefit of the wider community in tangible ways, and how they will use the asset to deliver community impact. Profits from the community asset and businesses should be reinvested in the asset to deliver community benefit.

Local authorities and town, parish and community councils will not be eligible to apply. However, we hope that councils right across the United Kingdom will play an active role in supporting their local community groups to apply.

We will not fund unincorporated organisations or private individuals.

## **Sporting assets**

Due to the higher costs involved in some sports related assets, an increased cap of up to £1 million match capital funding will be available to help establish a community-owned sports club or help buy a sports ground at risk of being lost without community intervention.

Small revenue grants of up to £50,000 for feasibility, business development or post-acquisition revenue and working capital are also available for these sporting assets, consistent with other elements of the Fund.

Read more about revenue funding available.

## **Eligible projects for higher funding cap**

Applicants which may be eligible to apply for a higher volume of funding relating to projects which aim to:

- **Support clubs that are at risk of closing:** where a local sports club is closing or at risk of loss, groups would be eligible for support to purchase the club and/or associated assets or to consider establishing a new community-owned club. This would not include funding to purchase an indebted business or to pay off debts.
- **Purchase grounds and venues associated with local clubs:** To enable a community group to buy an asset at risk of loss. For example, for a supporter-owned football or rugby league club to buy a sports ground that is being sold off when a club is liquidated but where the community has already established another football club in the local area.

## **Additional criteria**

Alongside the full eligibility and assessment criteria detailed in this prospectus, in order to access this higher amount of funding, eligible sporting projects will need to demonstrate additional criteria:

- applicants will need to demonstrate that total capital costs for the purchase and any associated renovations exceed £500,000 to be eligible to apply for higher ceiling of funding. Running costs are not included in the consideration of capital costs. The Fund will provide up to 50% of capital costs for successful projects, up to a limit of £1 million

- applicants for projects to support a sports club or sports venue at risk will need to demonstrate the support and recognition of the importance of the asset to the identity or pride of place of the wider community
- bidders will need to demonstrate the asset or club is used and delivers benefit for the community at large (eg community outreach activities across the whole town or wider community). This might include evidence on the scale of benefit delivered against the outcomes' framework, for example:
  - participation in sports and community life
  - health and wellbeing outcomes
  - employment and skills outcomes
- in recognition of the complexity of these kinds of projects, interested groups will need to demonstrate that they have the appropriate expertise, including establishing robust governance processes as part of any potential investment
- projects should demonstrate that have considered the appropriate league requirements and/or conditions set by sporting bodies, where relevant to their business plans

The Community Ownership Fund will not provide funding to pay off businesses' debts or to buy an indebted business. This also applies to all sporting assets.

## **Publicly owned assets**

Where applications for funding relate to community assets which are currently publicly owned, further eligibility criteria will apply.

### **Assets relating to statutory services are not in scope**

Local authorities in England, Scotland, Wales and Northern Ireland have a number of statutory functions requiring them to provide various services to their communities. These are to be distinguished from services which a local authority can choose to do. An illustrative example of what these services may cover include education services; children's safeguarding and social care; adult social care; waste collection, leisure and well-being and library services. However, it is for local authorities to determine that they are acting in compliance with their statutory functions.

For the purposes of the Fund, any asset whose principal and current use provides any form of non-discretionary statutory service would not be eligible for funding from the Community Ownership Fund.

As an example, assets which currently accommodate statutory services "fixed" to a particular establishment (such as schools, social care establishments and sheltered accommodation) would not be eligible for investment.

### **Assets that are in scope**

Publicly-owned assets that are in scope of the Fund would need to meet one of the following criteria:

- The current use of the asset is for a service which a public authority is not legally required to provide (i.e. non-discretionary statutory) services.
- For assets associated with non-discretionary statutory duties the service must have already been closed prior to application to the fund, and without community intervention the asset and its amenity value to the community will be lost.
- The public authority has scheduled the asset for divestment, as its impact is locally peripheral and does not provide any form of statutory service, whether discretionary or non-discretionary. An example of this may be an office building. Regardless of the asset's current use, the community would need to set out their plan for how under their ownership it could be transformed to being a valuable local asset which will deliver a wider community benefit.

Where assets are currently publicly-owned and in scope of fund as set out above, capital grants from the Community Ownership Fund can only be used to support renovation and refurbishment costs, alongside the sale or transfer of the asset. The Fund will not finance the purchase costs of such assets, where a public authority would credit a capital receipt. For example, the Fund will

work alongside existing Community Asset Transfer frameworks across the United Kingdom to support capital works and refurbishment as part of an asset transfer agreement, where the asset is at risk of being lost without funding.

### **Further considerations**

To be eligible for investment from the Fund, the terms of community ownership must be either the purchase/transfer of the freehold or a long-term leasehold of at least 25 years minimum (with no break clauses).

We will not fund projects which involve the passing across of unsustainable liabilities (for example high maintenance or staffing costs with no plan on how to cover these) to community organisations and those which may lead to the reduction of services which the council has a statutory duty to provide.

### **The risk facing the asset**

The Fund will only invest in community assets which would otherwise be lost. We will therefore need evidence from both the current public owner and applicant about the current status of the asset and why its future use is at risk.

### **Rationale for community ownership and the impact on service provision**

We will want to review evidence from the public owner (for example the local authority) and the community organisation about the rationale for transferring or selling the asset to the community, or the rationale for previously closing a non-discretionary statutory service provision if applicable.

### **Deliverability and sustainability**

We will not invest in projects where we assess the transfer of liabilities associated with the asset to be unmanageable. As supporting evidence, we would ask for written assurance from the transferring authority that the community group are capable of taking ownership of the asset and that without their intervention the asset is at risk of being lost.

We will be looking at evidence that the community organisation has a business plan which has identified all costs associated with the asset; has realistic sources of funding or income generation projections for future years. We will also be looking for evidence that the organisation has the right skills, experience and governance arrangements appropriate to the scale of the project.

## **Funding and support**

The Community Ownership Fund will support communities right across and in all parts of the United Kingdom to purchase community assets and amenities and run them as sustainable community businesses.

### **Funding available for Round 1**

For the first round of funding, applicants must be able to demonstrate that there is a realistic chance the asset or amenity can be sold or transferred to the community owner within 6 months of applying to the Fund. Applicants will have already completed feasibility work and must be able to provide a full business plan for how the community asset will be run sustainably.

Read the guidance how this will be assessed through the assessment criteria ([www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance](http://www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance)).

Applicants may require further support to ensure the building and business model is fit-for-purpose prior to purchase or transfer. However, a full business plan must demonstrate that the project will be ready to draw down capital within 6 months of the application.

Applicants can apply for a blend of the following funding:

- capital funding to take ownership (including the acquisition of the building; refurbishment costs alongside a sale or a transfer). Up to £250,000 match-funded capital will be available for most asset types. Exceptionally bidders will be able to make the case for up to £1 million match-

funding to help establish a community-owned sports club or help buy a sports club or ground at risk of being lost without community intervention

- funding for project development - this might include professional fees for technical advice from architects or surveyors or legal advice. It might also include costs for project management to oversee capital works where this is part of an application
- post-acquisition support funding for up to the first year of operation, where there is a convincing case that this will help support a sustainable business model in the long term

Up to £50,000 (and no more than 20% of the total capital costs applied for through the Fund) is available for project development costs and post-acquisition support.

## **Match funding requirements**

Applicants will be required to raise other sources of funding, alongside investment from the Community Ownership Fund. Having a range of funders contributing to a project can demonstrate the quality of the project and the support within the community.

***The Community Ownership Fund will contribute up to 50% of the total capital required.***

Applicants will need to set out the total project costs, funding already secured and plans to raise any additional funding needed.

Eligible sources of match funding will include funding from:

- public bodies
- charitable trusts
- national lottery funders
- community shares
- social investors
- other lenders.

As part of due diligence, assessors will review conditions of any loan finance taken out by the organisation.

The following 'in-kind' match funding (otherwise known as 'non-cash' match funding) will also count as an eligible source of match funding:

- donations of goods
- buildings or professional services, including from:
  - individuals
  - community groups
  - funders
  - businesses

The Gift Aid elements of donations will not be eligible. The value of a discount on a long-term leasehold or freehold, for example as part of an asset transfer, will be considered as an eligible source of match funding.

Volunteer time will not be an eligible source of match funding for the purposes of this fund; however, the involvement of volunteers in a project will help applicants demonstrate community support and buy-in.

***Applicants are not required to have all match funding sources secured at the time of project application.***

Capital funding for successful projects may be awarded in principle. However, for this round of funding, successful applicants will need to demonstrate that they are able to secure the full project funds within 6 months of application.

If applicants are not able to demonstrate reasonable progress towards securing these funds, government reserves the right to withdraw the offer of funding.

More information is available in our supplementary guidance on how to demonstrate sources of match funding including in-kind match funding in your application.

## **Process for bidding**

*Applications for the first round will close on 13 August 2021*

Applicants can expect to hear the outcome of their application around 2 months after the closing date.

As part of the conditions of the award for funding, milestones and project targets will be agreed, alongside standard monitoring and review periods. This will be set out in a formal grant agreement. All successful applicants will go through additional due diligence and fraud safeguarding checks.

Grants must be used for the purpose intended as set out in the conditions for award. This will be subject to monitoring and final review. Failure to comply with the conditions of award could lead to funding being retracted or clawed-back.

### **Unsuccessful applications**

Unsuccessful applicants will receive a notification via email setting out the decision along with a summary of feedback. This decision will be final.

Applicants are welcome to re-apply at a future bidding round.

### **Funding available in future bidding rounds**

In addition to the funding available set out above, we may also offer additional support grants to community ownership projects that are at an earlier stage of development that may not be ready to apply with a full business case.

This will be more suitable to communities who have identified a local asset at risk and have an idea about how to bring it into sustainable community ownership but might not yet be ready to take on and manage the asset. Access to funding and advice will help communities with early-stage plans to develop viable proposals and become investment ready.

Future bidding rounds may also offer a blend of loan finance and capital grants to support community ownership proposals.

## **Assessment criteria**

The UK government will assess bids from across the United Kingdom against a common assessment framework. Applications will be scored using this framework, and final decisions on funding will be made by the Ministry of Housing, Communities and Local Government (MHCLG).

Further guidance for bidders on how to show they meet these assessment criteria ([www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance](http://www.gov.uk/government/publications/community-ownership-fund-assessment-criteria-guidance)) is available.

Applicants are strongly advised to read the supplementary guidance carefully before beginning applications.

### **UK wide gateway criteria**

*All bids will go through a pass/fail gateway criteria assessment.*

All bids must be received by the 13 August 2021 and application forms must be fully completed.

An initial sift will assess the following gateway criteria on a pass or fail basis. Applicants who fail to demonstrate these will not be progressed.

These gateway criteria for the first round of funding are that:

- the asset is in scope and eligible for investment (see 'What we will fund'). Applicants are strongly advised to check their project is eligible before applying. The community asset and amenity must be at risk of loss, and there must be supporting evidence to demonstrate this.
- there is a realistic chance of the sale or transfer of the asset within 6 months of the application. Applicants should be able to demonstrate that they would be able to spend capital funding within 6 months of their application.

- the bidder is eligible. Bids must be from an eligible incorporated organisation (see 2.3). We will not fund bids from unincorporated organisations, private individuals, parish councils or local authorities.

Read the guidance notes on the application form ([www.gov.uk/government/publications/community-ownership-fund-application-form](http://www.gov.uk/government/publications/community-ownership-fund-application-form)) for further information to bidders about the type of evidence they can provide to demonstrate the community asset or amenity is at risk and has a realistic chance of sale.

## Criteria list

Our priorities for investment at bidding round 1 are to invest in good quality and viable projects and community organisations ready to take on the ownership and management of a community asset and run it as a sustainable community business.

Applications for project funding will be assessed on the following 4 criteria:

1. **Strategic case:** applicants should show that without intervention the asset would be lost to the community, the impacts that this would have and support they have from the community and other partners.
2. **Management case:** applicants should show the objectives and deliverability of the project and how the asset or amenity will be run sustainably.
3. **Potential to deliver community benefit:** using the outcomes framework, applicants should show how the asset will deliver community benefits under community ownership.
4. **Added value of the community asset based on community need:** using local data and information on community need, applicants should be able to show the added value of the asset or amenity to the community.

### 1. Strategic case

The strategic case will account for 30% of the total assessment and will include:

#### The case for community intervention

Including an appraisal of the risk facing the asset, the importance of the asset to the community, how without intervention it would be lost to the community and the impacts this would have.

#### Community support

Demonstratable community support for the project, including evidence of community engagement that has shaped proposals.

#### Local partnerships and links to other local plans

This might include stakeholder support from the council, or evidence of how the project contributes to wider local plans or strategies.

#### Environmental sustainability

We welcome projects that can support the journey to net zero and incorporate low or zero carbon approaches. We also welcome projects which consider their impact on the natural environment and appropriate mitigations.

### 2. Management case

The management case will account for 30% of the total assessment and will demonstrate how the asset will be run sustainably in community hands. It will include:

#### Financial viability of business model

Applicants will need to include a full business plan which will demonstrate consideration of full risks and deliverables, plans for income generation and resourcing the management of the asset. It should show how the business model will be viable within the first few years of operation.

All projects must be able to show how they will be sustainable without further government investment, including how any revenue support for the first year of operation would support the asset to run sustainably.

A risk assessment of the asset, including the state of repair, liabilities and ownership status, will be required. Applicants should demonstrate they have fully appraised these risks and taken steps to mitigate them.

### **Match funding and full project costs**

Applicants will need to provide details of full project costs, including a breakdown of costs applied for through the Community Ownership Fund. If applying for pre-acquisition revenue funding, applicants will need to provide a funding plan for drawing down capital within 6 months of application.

Funding from the Community Ownership Fund may be committed ‘in principle,’ before applicants have secured other grants or loans.

However, for the first round of funding, applicants must be able to demonstrate that they will have full match funding in place within 6 months of their application.

### **Skills and resources needed to manage the asset**

How the organisation will deliver the proposed project objectives. This might include evidence of capability and track record.

### **Community control, accountability and inclusion**

Applicants should demonstrate they are accountable to the community they represent. Applicants must also show how they have considered how the community asset will be accessible and inclusive for all members of the community, including underrepresented groups, how they have considered supporting a diverse range of people to use the asset, and how this would support integration in the local area.

## **3. Potential to deliver community benefit**

The potential to deliver community benefit will account for 30% of the total assessment.

Applicants should be able to provide detail how the community benefits of the asset will be sustained and improved through community ownership. These benefits should relate to one or more of the community benefits set out in the COF outcomes framework, including:

- increase feelings of pride and improving perceptions of the local area as a place to live
- improve social trust, cohesion and sense of belonging across the whole community increase local participation in community life, arts and culture. and/or sport
- create additional local economic outcomes – including creating jobs, volunteering opportunities and improving employability and skills levels
- create additional social and wellbeing outcomes – including delivering improvements in physical and/or mental health and reducing loneliness and social isolation

Applicants should show which groups in the community currently use the asset and amenity, and how would they benefit from protecting the asset. Applicants must show how the asset will be inclusive and deliver benefits for members of the wider community under community ownership.

There may be one main beneficiary group within the community who primarily benefits from the asset, but successful applicants will need to demonstrate the asset serves the wider geographic community and not solely a community of interest.

## **4. Added-value of the community asset based on community need**

The added value of the community asset based on community need will account for 10% of the total assessment.

Applicants will need to provide an assessment of the added value of the asset based on community need using local neighbourhood statistics, including relevant local data which helps to demonstrate why the asset is important to the community need.

For example, applicants could use individual IMD domains to appraise their relative need and show how the asset and project might address a particular challenge for their place – for example, health or employment. Applicants could consider a range of local challenges such as transport connectivity and access to assets.

Additional guidance on how to demonstrate these assessment criteria, including through the outcomes framework, is available in our full guidance notes.

### **Conditions of capital award**

Before we release capital funds applicants will need to demonstrate in principle proof of ownership or leasehold (of at least 25 years).

Other documents required before accessing capital (if not already supplied as part of full application) will include:

- an independent valuation of the building
- an independent structural survey
- evidence of any planning, licencing and other appropriate permissions secured

All applicants will need to meet obligations in line with the Equality Act 2010, and additional equalities considerations that apply in Northern Ireland.

Full due diligence on the project and applicant will be carried out once applications are submitted and before any funds are released.

### **Subsidy control/State Aid**

If funding from the Community Ownership Fund is used to provide a subsidy, expenditure must be compliant with the United Kingdom's obligations on subsidy control.

All bids that may be considered subsidy must consider how they will deliver in line with subsidy control (or State Aid for aid in scope of the Northern Ireland Protocol). Applicants should refer to the UK government guidance on subsidy control ([www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities](http://www.gov.uk/government/publications/complying-with-the-uks-international-obligations-on-subsidy-control-guidance-for-public-authorities)).

Bids supported by the Community Ownership Fund must comply with all relevant United Kingdom legislation.

### **Public Sector Equality Duty**

As a public sector body, the Ministry of Housing, Communities and Local Government is required to comply with the Public Sector Equality Duty, as set out in the Equality Act 2010. To ensure we are considering the potential impact of funding on individuals with protected characteristics, we will give due regard to the Public Sector Equality Duty at key decision points.

We recognise the importance of not only meeting our legal obligations under the Equality Act 2010 but also giving due regard to the additional equalities considerations that apply in Northern Ireland.

## **Decision-making**

Decisions on funding will ultimately be taken by MHCLG ministers, following advice from officials and ministers from other relevant government departments.

All bids that pass the initial sift will be scored by MHCLG officials against the assessment criteria. Advice on bid assessment will be sought from officials from other government departments and devolved administrations if relevant, for example to advise on bids in Scotland, Wales and Northern Ireland. The Department for Digital, Culture, Media and Sport (DCMS) will advise on bids relating to sports, culture, arts and heritage.

Officials will provide ministers with a shortlist of bids which all meet a benchmark and are deemed fundable based on their scores against the assessment criteria.

The MHCLG Secretary of State will make a decision on which of these projects from the shortlist will be funded. He will exercise discretion on the following list of specific factors only, ensuring a:

- balanced spread of location of projects across all parts of the United Kingdom
- proportionate spread of the location of projects between rural and urban areas
- reasonable thematic split of asset types supported by the programme

He will seek advice from a Ministerial Review Panel on this shortlist of bids. The Panel will comprise of ministers from MHCLG, the Treasury, and DCMS.

The Panel will make recommendations on bids, based on the same 4 factors set out above. Where projects are based in a minister's constituency, they will recuse themselves from the discussion and decision-making process and will be able to delegate to another minister of that department.

## **Monitoring and evaluation**

Successful applicants will be required to comply with the monitoring and evaluation requirements of the programme, which will be set out in full when the fund opens for applications.

### **Monitoring and evaluation requirements**

The progress of projects will be monitored at least quarterly, in line with agreed milestones. A statement of grant usage audited independently by an accountant for our assurance processes, in line with agreed project milestones, will be required.

Financial accounts will be required at 6 months after project completion, and up to 3 years after.

Impact data on your project will be required after 1 year. A standardised template and guidance will be provided to support you to demonstrate the impact of your project and delivery against your original business plan.

This may include:

- safeguarding and improving usage of community asset
- businesses and community organisations support
- the creation of jobs and volunteering opportunities
- types of services, assets and amenities established within the asset
- improvements in access to services

Templates and guidance will be available to support the collection of qualitative and quantitative data to demonstrate impact.

### **Our approach to national evaluation**

The UK government recognises the central importance of high-quality evaluation, which is critical to understanding what works. To support this, at a national level we are developing our programme evaluation strategy which will be published in the autumn.

This evaluation will help us understand the success of the programme, what works well in successful community ownership projects, and will help inform future investment decisions.

Our approach to programme evaluation will use a combination of administrative data from programme monitoring and could include place surveys and project level case studies. These will help us evaluate the success and value for money of the programme against the following criteria:

- number of assets supported through the programme
- survival rate of community assets – this will be measured by the number still operating in community ownership after one year
- levels of increased usage of community assets, and associated services and amenities - this will be measured by footfall, increased tenancies and/or community group use

- levels of increased feelings of pride and improving perceptions of the local area as a place to live
- levels of increased social trust, cohesion and sense of belonging in the local place
- levels of increased local participation in community life, arts and culture and sport
- impact on additional economic outcomes including:
  - jobs saved and/or created
  - new volunteering opportunities
  - improvements in employability
  - skills levels locally
- impact on additional social outcomes: including improvements in physical and/or mental health and reducing loneliness and social isolation

## Glossary of terms

### Community Asset Transfer

Across the United Kingdom, Community Asset Transfer (CAT) policy frameworks support the transfer of community assets from public authorities to community organisations. The legislation and policy contexts work slightly differently in all parts of the United Kingdom.

#### England

##### Assets of Community Value

In England the Localism Act 2011 introduced a right for community groups to nominate buildings or land to their local authority as an asset of community value. If the local authority agreed that the nomination met the test of being land of community value, the council would place the asset on a list of assets of community value for a period of 5 years.

What this did was introduce a community right to bid. If the owner of a listed asset decided that they wish to sell the asset during the 5-year period of listing, then they must notify the local authority who would inform the nominating community group. The group would then have a right to trigger a moratorium of up to 6 months to raise the purchase price. At the end of moratorium period the asset owner is free to sell to whoever they choose.

In England local authorities are responsible for managing their own asset of community value scheme.

#### England and Wales

The Local Government Act 1972 General Disposal Consent (2003) enables local authorities to transfer assets into community ownership, at less than market value or nil cost, on the presumption of securing long-term social, economic or environmental benefit. Individual local authorities may have their own CAT policies which determine the specific objectives and processes for that local area.

#### Scotland

The Community Empowerment Act (2015) provides the right for community bodies to make requests to all local authorities, Scottish ministers and a range of public bodies for any land or buildings they feel they could make better use of.

#### Northern Ireland

The Community Asset Transfer policy framework (2014) sets out the process for a change in management and / or ownership of land or buildings, from public bodies to communities. The framework has been developed as a tool for investing in regeneration and positive social, economic and environmental outcomes.

### Other key terms

#### Leasehold

The right, set out in a contract, to occupy land or a building for a specified length of time.

**Freehold**

The outright ownership of land and/or property.

**Capital works**

Refers to the building works which might be necessary on the asset to refurbish, for example for the change of use of asset.

**Peppercorn rent**

Rental agreement on a lease where the fee is nominal. This can be a common arrangement for a long-term lease to the community as part of a Community Asset Transfer.

**Pre-feasibility**

Project which is yet to undertake detailed feasibility work (see below) and the support that may be required to help test initial ideas and develop options for a business plan.

**Feasibility study**

Analysis which tests the ability of the project to deliver its objectives. This should test the context and resources within which the project is operating, including market analysis, and whether the financial, technical and management capabilities are strong enough to deliver the range of uses planned for the asset. The viability and sustainability of the project in the long term should be tested. Feasibility studies should be used to develop a strong business plan.

**Business model**

Model which the organisation uses to generate income or value from its activities. This might include selling goods and services, delivery contracts or rental income.

**Working capital**

Operational finance needed to cover the costs during the early stages of trading, as the business model becomes established, and activities develop. Projects should expect to be able to cover losses in this early period, as income sources grow, and should plan for enough working capital to ensure there is adequate cash to pay wages, invoices and other costs.

---

This publication is available at [www.gov.uk/government/publications/community-ownership-fund-prospectus/community-ownership-fund-prospectus](http://www.gov.uk/government/publications/community-ownership-fund-prospectus/community-ownership-fund-prospectus)