

Community Assets Seminar Series

August 2010

What can history teach us about community asset ownership?

'Community assets' is JRF's programme of research and development that is exploring the role of community-owned land, buildings and other assets in the development of neighbourhoods. Its seminar series is a forum to discuss policy development issues relating to this agenda.

The first of the Joseph Rowntree Foundation's (JRF's) seminars on community assets heard a wide range of views on the need to rethink ownership in the light of political and economic turbulence. Julian Dobson sums up the themes of the day.

Main points

- A historical perspective reveals many manifestations of community and mutual asset ownership, but also their vulnerabilities to change and opposition.
- Current interest in new forms of ownership must be set in the context of a loss of confidence both in the state as a responsive steward of public assets, and in the market as a fair provider of goods and services.
- There is widespread concern to articulate a set of values that can guide communities towards sustainable new approaches. There is a wide range of perspectives about how such values should be expressed and what they should encompass.
- It is difficult to explore and test new forms of ownership at a time when resources are being cut and government is accelerating the pace of change. The scale of the challenge should not be underestimated.
- The emerging environment offers opportunities but also poses heavy risks. Community organisations may need extra protection to survive.

Perspectives from history

There is a crude interpretation of the idea of a 'big society' that sees it largely in terms of the divestment of public assets, with local groups taking over and running them as social enterprises or voluntarily.

The reality of community and mutual ownership, though, has been slow, hard-fought and subject to the turmoil of historical change. That insight was brought home at the first of JRF's series of seminars on community assets, and applied pointedly to current debates.

The seminar saw the launch of a review by Tom Woodin and colleagues at the Institute of Education of 2,000 years of community and mutual ownership. The review revealed five forms that had developed to meet different challenges – and their vulnerability to global changes.

Early societies in Britain, for example, owned land and buildings tribally and collectively – but such arrangements were unable to resist invaders. In the medieval period feudal arrangements dominated, with land worked communally in return for loyalty and service; outside mainstream society, monastic communities held land for the good of their institutions. But such institutions were unable to withstand those with military or political power.

The early modern period brought a rise in private ownership and the enclosure of previously common land; the increase in social and spatial mobility was accompanied by growing inequalities. The industrial revolution brought new forms of landholding and asset ownership as a response to the growth of capitalism: co-ops began to flourish in the 19th century, as did charitable institutions set up to alleviate the worst excesses of industrialising society.

At the end of the 19th century 80 per cent of Britain's male population belonged to a co-op – but co-ops eventually found themselves unable to compete with the ability of private companies and the state to offer affordable, uniform solutions to market and social needs.

In the 20th century municipal and state control took precedence as the dominant expression of collective ownership. Simple, universal models were seen to be fair and equitable – but the critique, voiced with increasing vigour as the century wore on, was that they were neither enterprising nor responsive, unable to meet the public's changing expectations.

A rash of privatisations in the 1980s and 1990s moved many state assets into corporate hands. Meanwhile a flurry of demutualisations of financial institutions asserted the supremacy of the individual and corporate shareholder.

Global crisis and institutional decay

The critique of state ownership is back with renewed vigour as coalition leaders attack 'bureaucrats' and seek to scale back government, while thinkers of all political shades call for new approaches to public services. But this time mutual forms of ownership and the transfer of assets to communities, rather than a 1980s-style shareholder democracy, are proffered as the solution that will reinvigorate Britain's social contract.

Speakers at the JRF seminar were quick to point out, though, that the current maelstrom was not simply the result of the failings of state ownership. Stephen Thake, JRF's adviser on its community assets programme, put the debate in the context of a crisis of markets and government across the world: 'This global storm has taken a long time to come and many cycles to get to this level of seriousness. For decades local communities have been living with the fallout from the gathering clouds and failure of leaders to foretell or forestall.'

Abandoned by the demise of the manufacturing industry and left behind by the consumer boom, disadvantaged communities had been forced to develop their own solutions. The call to restore ownership of land and buildings to local ownership had been the result of a 30-year 'renaissance of community action'.

Will Hutton, Chair of the Commission on Ownership, was unequivocal in shifting attention to the crisis in the market economy as the overriding issue. Global financial mismanagement had been as big a mistake as the extremes of communism, he argued.

Private corporations' refusal to acknowledge their mistakes underlined the need to rethink ownership. Corporate human resources directors were in 'catatonic gloom' about the avarice of their chief executive officers, Hutton said. Business leaders were wedded to a primitive view of society whose motto was 'I eat what I kill'.

'Fairness is capitalism's indispensable value,' he argued. 'Firms properly organised are moral propositions. But that's not the view of most people who run them.'

For him, a plurality of ownership offered a brake on the excesses of the markets: 'We need to remoralise our forms of ownership. We need a plethora of runners and riders.'

Charlie Mayfield, Chair of the John Lewis Partnership, said his firm's model of shared ownership, where every member of staff is a 'partner' in the firm and shares in its profits, provided an alternative that was both fair and commercially successful – it was 'not only ethical but more competitive'.

While market failings came under the spotlight at the seminar, speakers also questioned the effectiveness of public services. Tom Shakespeare, director of policy and research at the think tank Localis, said the growth of the central state had been to the detriment of local and mutual governance, failing to reduce inequalities or provide decent standards of service.

'We think this is fundamentally about services not being designed around the needs of customers, residents and communities,' he commented.

Steve Reed, leader of Lambeth Council, outlined his vision of a 'cooperative council' based on a partnership with citizens to provide services designed around their needs. The council would help residents clean up eyesores, for example, but wouldn't simply do the job for them – it would encourage them to get together with friends and neighbours to do so, building social capital at the same time.

But he accepted this approach raised questions about quality and consistency of service. The council was learning on the go, he said – 'the only way we will show people it works is to do it'.

Tom Shakespeare was frank about the scale of the challenge. 'Real local power requires autonomous finance,' he said. New financial institutions would be required outside the control of central government. Real community ownership and social innovation would require 'a radical transformation'.

Bob Colenutt, Senior Research Officer at the Northampton Institute for Urban Affairs, brought the dilemmas for community organisations into sharp focus during a panel discussion. Change needs to occur in both the state and the market if it is to be of any value at ground level, he argued: 'It's no good creating a lot of community enterprises if they can't get loans from banks. Community land trusts can't work if they can't get land. The private market has to be transformed to create conditions for community ownership.'

Changing course in a storm

What became clear during workshops in the afternoon was the difficulty of trying to change direction in a storm. While it might be relatively straightforward to articulate an analysis of the failings of capitalism or state control, translating that into tools for the growth of community ownership at a time of diminishing resources is a taller order.

It needs to be recognised, too, that the baseline is very low. The last century has left relatively little in the hands of community or mutual organisations – cooperative housing, for example, accounts for less than 1 per cent of the housing stock. And much government rhetoric about encouraging social enterprise appears to involve shifting budgets from one part of the system to another, as in the case of proposed changes to the NHS, rather than growing organisations from the grassroots.

A further problem is the scale and speed of change. The deluge of announcements about spending cuts since May, coupled with a wave of abolitions of agencies such as the Commission for Rural Communities, has left officials in shock and those at the sharp end of the new localist agenda confused about relationships and accountabilities. More worryingly, the change is happening before many have developed the skills and capacity to respond – or even the knowledge to be clear about what is going on.

As consultant Marilyn Taylor put it, 'Who holds the ring for the dispossessed?' That question does not seem to have been asked in the rush to fashion a new discourse.

There's a risk, voiced several times during the event, that under the guise of creating community assets public agencies will simply attempt to dispose of liabilities, looking to reduce their staff headcounts or maintenance bills. As one participant put it: 'People will say, yes, we'll have one of those buildings for a pound, but that's not what they'll say when the electricity bill comes in.'

If this new world is not created with care it is likely to leave behind those it claims to empower. One participant in a workshop on public services spoke of her experience of working with community organisations in east London that did not have the skills even to minute their own meetings. Another spoke of a council in outer London cutting its grants programme by two thirds, with big implications for the community sector. A third reflected on the way worker cooperatives were promoted in the 1970s as an alternative to government support – 'and a lot of them went bust'.

In a workshop on housing it was pointed out that the structures available to support community and co-operative action are much more firmly established in other countries. In Switzerland, for example, sites owned by the Zurich municipality must by law be offered first to cooperatives when they are released for development.

Values for uncharted territory

It was revealing that amid the sense of crisis and fears of crude and ill-considered responses, much of the conversation was not about process or finance but about values.

This found a range of expressions. Will Hutton and Charlie Mayfield highlighted the idea of ethical business or a remoralised economy – that the firm owed a duty of care to its employees and to society, which was not inconsistent with economic competitiveness.

There was also a pragmatic approach, outlined by Goodwin Development Trust Chief Executive Peter McGurn. Set up to provide services for a community of 5,000 people on a council estate in Hull, Goodwin Development Trust now employs 350 people and has assets worth £4m. For McGurn, the resolution of the moral dilemma was to benchmark everything against the purpose of the organisation: every activity has to benefit the community.

But he accepted this could involve a 'Faustian pact' in the quest for commercial viability: 'Once you enter the world of Mammon [wealth regarded as an evil influence or false object of worship] you start to mimic their values. But we need to be commercially astute. The issue is what you do with your profits.'

For Stephen Thake, there was a concern that a set of values for community organisations should be enshrined in law to protect them against the excesses of both the state and the market: ‘History tells us that those in power have not protected the interests of coops and mutuals. We cannot take the ability of the community sector to thrive for granted. I think this needs to be written into the constitution – a bill of rights for the community sector so it can thrive in the 21st century. If it isn’t it will be taken away.’

- **Community and mutual ownership: A historical review** by Tom Woodin, David Crook and Vincent Carpentier of the Institute of Education, University of London, is published by the Joseph Rowntree Foundation (JRF). It is available as a free download from www.jrf.org.uk.

About the author

This summary was produced by Julian Dobson for JRF. Julian is a writer, speaker and commentator on regeneration, placemaking and social policy. He also works as a trainer and facilitator, helping organisations find creative solutions to the problems of place. Julian is editorial director and was the founding editor of New Start magazine, established in 1999 as the UK’s first weekly publication for people involved in community regeneration.

Coming up in the Community Assets Seminar Series:

28 October 2010: Community right to buy
2 December 2010: Community resilience to climate change
February 2011: The role of community assets in new developments
April 2011: Finance and business models for community organisations
June 2011: Experiences of community control of assets in practice
Please note: dates are provisional and subject to change. Locations to be confirmed.

Other formats available.
Tel: 01904 615905 email: info@jrf.org.uk

Ref. 2527

Published by the Joseph Rowntree Foundation, The Homestead, 40 Water End, York YO30 6WP. This project is part of JRF’s research and development programme. The views expressed in it, however, are not necessarily those of JRF. ISSN 0958-3084