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Evaluation of the Scottish Land Fund 2012-16

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Report for Rural Communities Research, Rural and Environment Science and Analytical Services Division (RESAS), The Scottish Government

July 2016

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Contents

Executive summary

This report presents the findings of an evaluation of the Scottish Land Fund (SLF) 2012-16, which took place between January and April 2016. The SLF was established to promote sustainable development by providing the financial means for rural communities to acquire land and land assets. The SLF awarded 52 projects a total of £9,833,606 helping communities across 14 local authorities in Scotland to acquire a range of assets, including 83,829 acres of land.

The Scottish Government has recently announced a commitment to extend the Scottish Land Fund to 2020, with an initial commitment of £10 million for the first year. The renewed fund more than triples the per annum resource commitment, and extends the fund to cover the whole of Scotland, not just rural areas.

In such a context the evaluation aimed both to develop a better understanding of the impact that SLF funding had on the sustainable development of its beneficiaries through community ownership, and to understand how the fund can achieve greater impact in 2016-20.

Research methodology

The research approach comprised the use of a background literature review, analysis of case data, and semi-structured interviews with three stakeholder groups: key Scottish Land Fund delivery partners, community land sector representatives, and beneficiaries of the fund. In total, 24 individuals participated in interviews, including a representative sample of seven SLF beneficiaries. Data collection for this evaluation was conducted between January and the end of March 2016.

Findings

The evaluation has a number of findings in relation to three areas: the suitability of SLF funding conditions in the period 2012-16, the impact of community ownership on sustainable development, and the implications of the extension of the fund into urban areas. The second aim of this evaluation was to help improve the impact of SLF 2016-20. To this regard, eight recommendations are made throughout the report, each drawing from the findings reported here.

The suitability of SLF 2012-16 funding conditions

The evaluation found a very high degree of satisfaction with the design of the fund from all stakeholder groups, with particular praise directed to the quality of case officer and funding officer support, and the flexibility with which applications could advance through the funding process.

However, there was a disparity in outcomes evident between communities within the operational area of Highlands and Islands Enterprise (HIE), and communities in the rest of Scotland. This was apparent in the availability of additional financial support throughout the application process from HIE to communities in its areas, and in the continuity of a supportive relationship between HIE and these communities following the SLF funding process.

There was also disagreement over the value of the revenue funding component between SLF delivery partners. Beneficiaries themselves sided with delivery partners in seeing revenue funding as an integral component of the SLF funding package and essential in achieving SLF outcomes. The requirement for revenue funding to be used by the end of the SLF restricted the revenue funding available to communities applying in years three and four (2014-16) to less than two years, resulting in a significant inequality between early and late applicants.

The impact of community ownership on sustainable development

The outcomes of community ownership in the seven cases analysed were evident on three levels, and occurred in a broadly sequential process. These are described in the report as immediate, intermediate and long-term outcomes.

Immediate outcomes comprised the more tangible psychological benefits and changes in outlook brought about by ownership. These fed into a set of intermediate outcomes, whereby the post-acquisition development process was facilitated by ownership itself, and by these immediate outcomes. Finally, these intermediate outcomes enabled the achievement of a set of long-term outcomes, including increased revenue streams and economic self-sufficiency, and achieving a pro-active and entrepreneurial form of community resilience through entrepreneurialism. It is important to note that the revenue funding component was a key facilitator of both intermediate and long-term outcomes by building community confidence and capacity, bringing specialist professional skills to complex projects, and improving service delivery and project management functions.

The challenges presented by the move into urban areas

Urban applications are likely to be high value and increase demand on the SLF considerably in the long-term. This means that the new SLF may face competition between applications from highly diverse projects, with different implications for value for money. Clarity and transparency is needed in how decisions are reached when judging different types of urban and rural applications against one another. One way to broach this is to produce clear guidelines – perhaps in collaboration with the new Committee – against which all projects are to be judged, and ensure these form the basis of decision making in Committee meetings.

The extension of the SLF to urban communities may also bring some unanticipated challenges. Urban areas carry greater potential for private sector displacement, and it is unclear if a shared interpretation of how this affects State Aid has been reached. There should also be oversight to ensure that SLF funding is not used by local authorities as a means to avoid making discounts to market value in transferring assets to communities.

Introduction

This report presents the results of a rapid evaluation conducted from January 2016 to April 2016 of the effectiveness of the Scottish Land Fund (SLF) 2012-16 in supporting communities into community land ownership. The evaluation was undertaken following the closure of SLF 2012-16, and just before the initiation of its successor, SLF 2016-20. Accordingly, this evaluation aimed both to make a summative judgement over the efficacy of SLF 2012-16 in supporting community ownership, and also to draw implications for moving forward with the new SLF 2016-20.

The evaluation had two aims:

1. To understand how the SLF 2012-16 has benefitted communities

2. To understand how the administration and design of the SLF can be improved to fit its expanded remit better in the period 2016-20

Background to the Scottish Land Fund

The Scottish Land Fund (SLF) was launched in 2012 as a Scottish Government funded programme delivered in partnership with Big Lottery Fund Scotland (Big Lottery Fund) and Highlands and Islands Enterprise (HIE). The SLF was established to provide the financial means for rural communities to sustainably acquire land and land assets. It aimed to support the resilience and sustainability of rural communities through four stated outcomes:

1. Rural communities achieve increased sustainable economic, social and environmental development through the experience of acquiring, owning and managing land and land assets.

2. Rural communities are more empowered and have a greater capacity to lead and control their own development so that they can generate sustainable income.

3. People in rural communities have increased opportunities to participate effectively in community-led development, including volunteering.

4. Rural communities are more resilient through the development and provision of community-led essential local services.

The Scottish Government committed an initial £6 million to the delivery of the SLF (£1 million in 2013-14, £2 million in 2013-14 and £3 million in 2013-14). In June 2013, an additional £3 million was announced by the then First Minister Alex Salmond to extend the fund for another year covering 2015-16, bringing the total committed to £9 million. In addition to this, almost £1 million was made available to SLF applicants for forestry projects in the final year.

On 26 November 2014 in the Programme for Government, the new First Minister Nicola Sturgeon announced the extension of the SLF until 2020 with an increased budget of £10 million for its first year, and an expansion in coverage to urban communities. Since then, a number of other changes to the structure of the SLF have been articulated. In sum, the changes to the SLF in 2016-20 are:

- A commitment to extend the SLF to 2020 with an initial contribution of £10 million for the first year.
- An extension of the fund to cover the whole of Scotland, not just rural areas.
- The inclusion of pre-acquisition (Stage 1) funding in the form of development grants of between £10,000 and £30,000.
- The delegation of Stage 1 grant decision making to a management group staffed by Highlands and Islands Enterprise and Big Lottery Fund.
- An extension of the maximum revenue funding award to £100,000 (including the Stage 1 development grant) over 3 years post-acquisition.
- The extension of the maximum single award value from £750,000 to £1 million

The new SLF 2016-20 opened for applications on 1 April 2016.

Policy Context

On 26 November 2014 when introducing the Programme for Government, the First Minister Nicola Sturgeon outlined her view that 'Scotland's land must be an asset that benefits the many, not the few', and committed to a 'radical and effective' process of land reform. A developing evidence base suggests that community ownership can help communities become more resilient and sustainable, and can impact on a range of social, economic and environmental outcomes.[1234] Community ownership of land and other assets has been central to the Scottish Government's strategy on both community empowerment and land reform, and the Scottish Government has recently taken a more pro-active approach to encouraging community ownership.

[1] Bryan and Westbrook (2014) Summary of Economic Indicator Data. Report for Community Land Scotland. http://www.communitylandscotland.org.uk/wp-ontent/uploads/2014/06/FINAL-Community-Land-Scotland-Economic-Data-Report-140414-For-Release.pdf-Community-Land-Scotland-Economic-Data-Report-140414-For-Release.pdf

[2] Atterton, J. (2013). Community Ownership of Assets: Discussion at the Cross Party Group in the Scottish Parliament on Rural Policy.

[3] Skerratt, S. (2013). Enhancing the analysis of rural community resilience: evidence from community land ownership. Journal of Rural Studies, 31, 36-46.

4 Scottish Government (2015) One Million Acres by 2020: Strategy report and recommendations from the 1 Million Acre Short Life Working Group Strategy. http://www.gov.scot/Resource/0049/00490614.pdf

In 2012 the previous First Minister Alex Salmond set a target for one million acres of Scotland's land to come into community ownership by 2020. With just under half a million acres in community land ownership at the time, trends suggested that this target would not be met without a step change in the rate of community acquisition of land. The Scottish Government set up a Land Reform Review Group in 2012 whose final report included a recommendation to establish a Short Life Working Group to improve information on the amount and types of community land ownership and a strategy to achieve the 1 million acre target. This group commenced in March 2015 and the final 1 Million Acre Strategy report was published on 11 December 2015.[3]

Recent legislation has also supported community ownership. The Community Empowerment (Scotland) Act 2015 extended the Community Right to Buy introduced in the Land Reform (Scotland) Act 2003 to urban areas, allowing community bodies across Scotland the right to register an interest in land. New powers were also introduced for communities to request to acquire land owned by Scottish public agencies or local authorities, and to acquire land in the absence of a willing seller in the case of abandoned or neglected land, or land whose use is detrimental to the environmental wellbeing of the community. The Land Reform (Scotland) Act 2016 introduced an additional compulsory channel for communities to acquire land in order to advance sustainable development, and may also encourage community ownership indirectly through a variety of measures, including improving the transparency of landownership, the requirement for the Scottish Government to produce a Land Rights and Responsibilities statement to promote a more pro-active role for public sector land management, and the setting up a dedicated Land Commission to provide continued oversight of issues relating to land use and ownership.

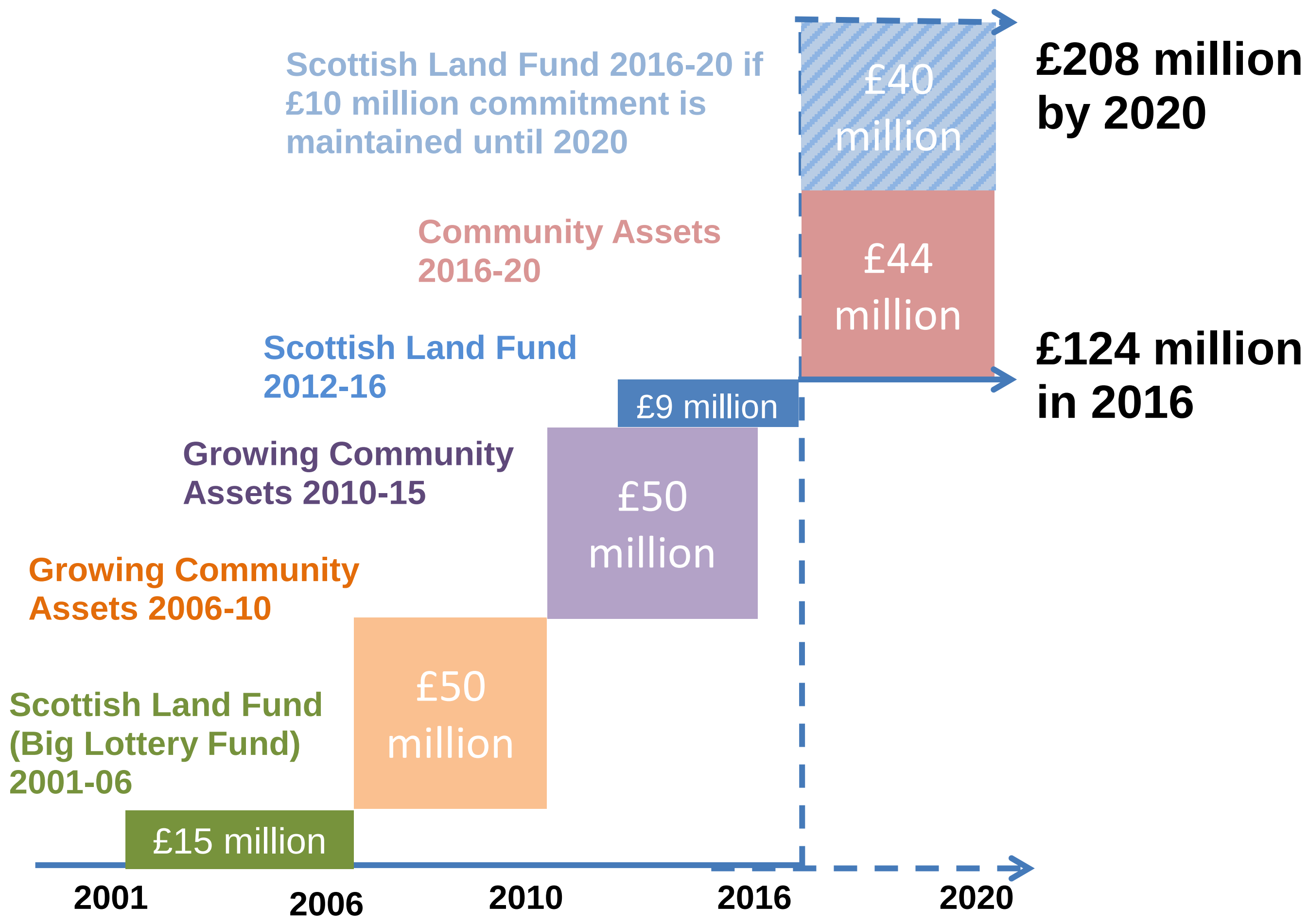
Over the last 15 years community ownership has been supported by a succession of funds which have provided many communities with the financial means to take ownership of land and land assets. The first Scottish Land Fund (2001-2006) was funded by Big Lottery Fund (then called the New Opportunities Fund) and committed £15 million over its lifespan to supporting rural communities in acquiring land. In 2006 the first SLF was succeeded by Big Lottery Fund's £50 million Growing Community Assets fund (GCA), which ran from 2006-2010. The first GCA supported both ownership and development of community assets, and was open to communities across the whole of Scotland. A second Growing Community Assets fund was put in place to cover the 2010-15 period and provided an additional £50 million to support acquisition and development. In 2012 a new Scottish Land Fund was initiated, funded by the Scottish Government and administered by Highlands and Islands Enterprise (HIE) and Big Lottery Fund. The new SLF applied only to rural communities, and committed £9 million of funding across its lifespan, running alongside the second GCA. As of April 2016, a total of £124 million has been committed to supporting community ownership through the principal funds dedicated to community ownership.

In July 2016, the Big Lottery Fund will launch its ‘Community Assets’ funding stream. Community Assets has a provisional budget of £44 million for the period 2016 to 2020 and, like GCA before it, will support the acquisition and development of assets that matter to communities. The Scottish Government has also now committed to extending the Scottish Land Fund until 2020 which provides communities across Scotland with up to £10 million to fund acquisitions in the first year.

Figure 1, below, shows the progression of dedicated funds which have supported community ownership over the period 2001-16, with projected commissions until 2020 (if the per-annum funding level of £10 million for the SLF 2016-20 were to be maintained). This figure excludes smaller funds for certain types of acquisition such as the National Forest Land Scheme which has funded community woodland acquisitions, and *ad hoc* capital costs contributed from internal resources by local authorities and public agencies such as HIE.

From 2016, communities across Scotland will have access to the largest ever resource base for supporting community ownership in acquisition and development. As Figure 1 shows, if the Scottish Government continues this level of funding until 2020, the total funding committed to supporting ownership and development by the principal funds will have increased (in just four years) by almost 70 per cent to £208 million. Together with Community Assets, the renewal and expansion of the SLF 2016-20 sits alongside the more substantive statutory powers introduced in the Community Empowerment (Scotland) Act 2015 and the Land Reform (Scotland) Act 2016 in creating the most supportive and enabling environment for community ownership yet seen in Scotland.

Figure 1. Timeline of the main funds for community ownership (acquisition and development)



Research Questions

Three research questions were developed in collaboration with policy colleagues within the Scottish Government to tackle the aims of the evaluation. These were:

1. How suitable were the conditions and support attached to SLF funding?
2. How did beneficiaries use SLF funding to bring about sustainable development through community land ownership?
3. What additional challenges might the move of the SLF 2016-20 into urban areas present?

These research questions form the basis of the three findings sections in this report.

Methodology

This evaluation was conducted in three phases. In the first phase, analysis was conducted of a database compiled from project data from Big Lottery Fund and Highlands and Islands Enterprise (HIE). This was combined with a scoping review of literature relating to community ownership to both give an overview of how SLF funding has been used by beneficiaries, and to provide backdrop to the primary interview data collected in the second and third phases.

In the second phase, semi-structured interviews were conducted with three stakeholder groups: firstly, key individuals from the main delivery partners responsible for the delivery and administration of the SLF (Scottish Government, Big Lottery Fund, and Highlands and Islands Enterprise – 11 individuals); secondly, representatives from the major community land sector organisations (three individuals from three separate organisations); and thirdly, members of the SLF 2012-15 Committee (three individuals). In total, 17 individuals from these groups participated in semi-structured interviews lasting between 45 and 90 minutes. Due to distance constraints, only four individuals were interviewed face-to-face, with the rest participating via telephone. This phase contributed to all three research questions.

In the third phase of the evaluation, seven SLF-funded projects were selected for further investigation. Case notes for each project were reviewed, following which semi-structured interviews were conducted with project representatives. These interviews were all conducted via telephone, and were between 45 and 60 minutes in length. The aim of this phase was to develop an improved understanding of research questions 1 and 2 by understanding what positive and negative outcomes had emerged following asset acquisition and how the design and delivery of the SLF had encouraged or restrained these outcomes.

Since the outcomes, barriers faced and experience of the SLF was likely to vary between project type, the sample of SLF beneficiaries included at least one representative from each of the main beneficiary groups of the SLF. These comprised amenity-based projects, housing developments, woodland developments, large estates, small land-based projects, and mixed projects including both buildings and land. It was also recognised that it would take time for the outcomes of ownership to emerge. Accordingly, only communities who had received SLF funding and acquired their land in the first two years of the SLF (2012-14) were considered, so each project would have at least two years of post-acquisition development before interview. Anonymised project details are presented in Table 1 below.

Table 1. Descriptive profiles of SLF-funded projects

SLF beneficiary	Project type	Project information
Beneficiary A	Building-based	The assets acquired were the local post office, an attached dwelling and a commercial property. This project was initiated to retain the local post office which had been on the market for a long period of time, and to use the associated assets to generate income and reverse commercial decline in the village. The community group was in the process of bidding for the post master contract to ensure the continuation of the service. A local family moved into the dwelling acquired, and planning permission was gained for three one-bedroom houses which would meet local housing needs and provide a future source of income. The community group had an income of £10,000 which would increase substantially upon completion of development projects.
Beneficiary B	Estate	The asset acquired was an entire island-based estate. This community opted to merge with a neighbouring development trust to carry out the buyout. A dedicated development officer was appointed, but had left post and had not been replaced at the time of interview, with all major operations taken on by the neighbouring trust. The community was successful in attaining significant funding for the development of a marina on the island which would facilitate greater connectivity to other ports and the generation of additional revenue.
Beneficiary C	Woodland	The asset acquired was a substantial area of woodland. The community originally aimed to use the asset both to increase community access to the woodland and to develop a commercial business marketing the timber. Due to State Aid concerns, the community had to finance the majority of capital costs for the acquisition by selling the commercial component of the bid to a private company. Without an income stream from the commercial activity, momentum was curtailed, and projects were smaller and more short-term than the beneficiary would have liked. Nevertheless, progress was made in developing the asset for community amenity use, and substantial progress had recently been made with a community broadband scheme, the provision of training opportunities for young unemployed people in the area, and an active application to GCA.

Beneficiary D	Mixed land and buildings – commercial focus	Assets acquired were a local historical site and attraction, as well as some buildings in use as holiday lets. The project aimed to generate a sustainable long-term income stream for the community and safeguard the assets for community use. Funding was obtained to renovate buildings for holiday lets, and a new promotional website was developed. Occupancy rates of the holiday lets and revenue increased substantially in the two years following acquisition. The community were later offered ownership of a local building for £1 by the local authority, and aimed to turn this into a dwelling to generate further rental income. A license was obtained to host weddings at the local historical site to generate further income.
Beneficiary E	Mixed land and buildings – amenity focus	Assets acquired were the entirety of a loch, a substantial portion of the surrounding land, and some buildings on the land. The project aimed to increase community use of the assets for recreational purposes. The project raised the profile of the loch and community, substantially increased visitor numbers, and featured regular social and fundraising events.
Beneficiary F	Small land-based	Assets acquired were a small parcel of land on which a new building for the community body was to be constructed. This project was initiated when the land occupied by the community body was put on the open market. The community group acquired the land to guarantee its future, and to continue and expand its existing services. The community had secured funding for the development of this building at time of interview.
Beneficiary G	Housing	Assets acquired were two plots of land for the construction of affordable housing for the community. This beneficiary was in the process of amassing funds to progress the housing development at time of interview, and was nearing the beginning of construction work.

Interviews across phases two and three were led in each case by a bespoke topic guide, sensitive to the characteristics and role of the individual in relation to the research questions, which was created in advance for each interview. Interviews were audio recorded and written summaries were prepared following each interview. These summaries were analysed together to identify common themes and pull out key lessons relevant to the evaluation's aims. Table 2, below, summarises the number of individuals interviewed across the stakeholder groups.

Table 2. Individuals interviewed across stakeholder groups

	Delivery Partners	Committee Members	Community Land Sector Representatives	Beneficiaries
Number of individuals interviewed	11	3	3	7

How suitable were the conditions and support attached to SLF 2012-16 funding?

The second research question concerned the efficacy of the SLF in supporting community ownership. Initial discussions with key delivery partners in the Scottish Government primed the evaluation to take into account areas of the fund which represented significant unknowns or were contested in some way. Five elements were earmarked for analysis: the delivery arrangements of the SLF, pre-acquisition support, post-acquisition support, capital and revenue funding, and the operation of the Committee.

The Scottish Land Fund delivery process and headline figures

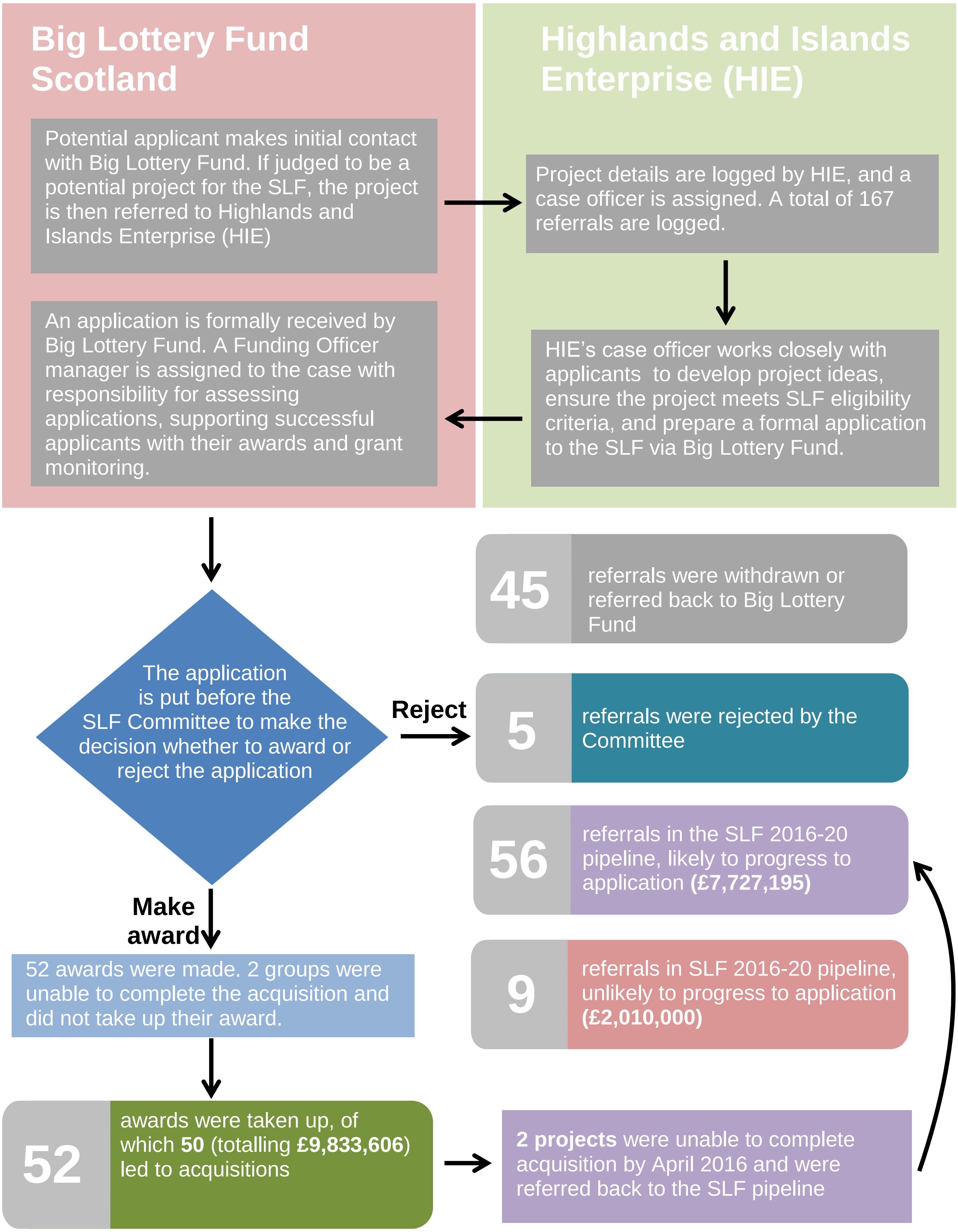
The SLF is delivered by Big Lottery Fund and HIE through a multi-stage process illustrated in the flowchart presented in Figure 2, overleaf.

Communities access the SLF through a number of routes. Most applicants make contact with Big Lottery Fund first, often through its ‘Single Front Door’ funding portal, and are forwarded on to the SLF. After making sure that the project is likely to meet the eligibility criteria for the SLF, applicants are then referred to HIE, who note project details, and assign the relevant case officer covering the applicant’s location. Some groups are notified of the SLF by HIE, and make contact with HIE first, however the group are directed to proceed through Big Lottery Fund initially and a formal referral is always made to HIE. In total, 167 referrals from Big Lottery Fund to HIE have been made over the course of the SLF.

Applicants are then contacted by the HIE case officer, whose job is to guide the community in preparing a formal application to the SLF. The case officer would make contact with the community applicant normally within days of a referral being made. The case officer would ensure that the community group met all essential criteria of the SLF, for example that applicants could demonstrate the support of their communities (often through a ballot of the local community), or that community bodies were properly incorporated. Case officers would also help communities ensure that the business case for ownership stacked up. Case officers would often get very closely involved with applications, and would make site visits – commonly communities were visited many times over the course of preparing an application – to support the project and speak at community meetings. Case officer contact formally ended once an application was submitted to Big Lottery Fund.

Once an application was handed over to Big Lottery Fund, the project would be assigned a funding officer with responsibility for assessing applications. The funding officer would prepare an assessment report which covered the specifics and intentions of the project, and perceptions of the capacity of the group to achieve their outcomes. The funding officer would also be the applicant’s point of contact once an award was made, providing support, disbursing funds and procuring necessary legal assistance, and in grant monitoring.

Figure 2. Flow chart of the Scottish Land Fund funding process



The separation of the HIE case officer and Big Lottery Fund funding officer roles enabled case officers to get closely involved in projects without compromising objectivity in the assessment process. In practice, the Funding Officer would often receive a draft application before a formal application was submitted, and would make comments about how the application would be improved. This process would strengthen applications significantly before they were formally lodged.

The application was then scheduled for consideration by the SLF Committee at their next meeting. The SLF Committee was comprised of five individuals, led by a Chair, and it met four times per year. The Committee could vote either to approve or reject an application. No formal scoring system was used by the Committee itself to judge applications (this being done as part of the assessment process and presented to the committee), and decisions were reached instead by consensus or majority vote.

In total, 55 awards were made over the course of the SLF. Two of these successful applicants were unable to carry out their purchases and did not take up their award, two others could not arrange complete acquisitions before the completion of SLF 2012-16 and were put back on the pipeline for SLF 2016-20 (though still took up a small portion of their awards for legal fees, mapping costs and other assistance), two awards were made to the same group, and one additional beneficiary did not take up £510 of their award. The total value of awards successfully disbursed to communities was £9,833,606 over the course of the SLF 2012-16. Awards were made in 14 different local authorities, with 33 SLF beneficiaries in communities within HIE's operational area and 17 situated in the rest of Scotland.

Only five applications were rejected (less than ten per cent of awards approved), two in year three (2014-15) and three in year four at the final Committee meeting in November 2015. 45 groups withdrew from the pipeline, of which eleven were deemed not to be a fit for the SLF and referred back to Big Lottery Fund. A total of 65 groups remain on the pipeline for the new SLF 2016-20, with a total ask in capital and revenue costs of £9,737,195. Of this total, 9 groups (with a total value of £2,010,000) are not expected to progress to application, leaving an expected 56 groups and £7,727,195 in the pipeline for SLF 2016-20 funding.

Perceptions of the SLF delivery process

Flexibility of the SLF delivery process

Both delivery partners and SLF beneficiaries were very satisfied by the SLF application procedure and delivery process. SLF beneficiaries compared the application procedure favourably to several other large funds, with praise directed towards the relatively straightforward application process, the quality of guidance and support given by Big Lottery Fund fund officers and HIE case officers, and the flexibility involved with the application procedure which responded effectively to the individual characteristics of the application.

Community asset acquisitions under the SLF could entail a long and drawn out process of developing plans for asset development, establishing ownership of the land, and protracted negotiation between communities and landowner. Alternatively acquisition could be a rushed and time-critical process, for example if land was suddenly put on the open market and communities were faced with a short time to respond. An appropriate fund for community ownership had to respond to both contingencies. Delivery partner and community body interviewees felt the SLF was well-equipped to face up to this challenge by incorporating a flexible approach to processing applications.

Applications could, if circumstances demanded, be fast tracked through the application process by Big Lottery Fund funding officers. One group benefitted from this quite significantly when the land they were occupying was suddenly put on the market. The sale of the land one community occupied (Beneficiary F) to a private buyer was considered likely to jeopardise the ability of the community to continue its operations and land use. This group's application was fast-tracked by the Big Lottery Fund funding manager to meet the next Committee meeting date, and approval was received in time for the community to be able to finance the acquisition. This flexibility was improved by clear responsibilities being divided between Big Lottery Fund and HIE, and good lines of communication being maintained between the two organisations.

Although formal approval for funding could only be granted by the SLF Committee which met four times per year, in exceptional circumstances the Committee could grant awards by teleconference. There were four cases of this occurring. While committee members felt that teleconference meetings were somewhat cumbersome over the phone and lacked the cohesiveness and productivity of face-to-face meetings, committee members agreed that this facility was an effective method of approving projects on a flexible basis.

The role of case officers

The clear separation of the organisational responsibilities of HIE and Big Lottery Fund throughout the SLF delivery process was highly praised by delivery partner interviewees. The separation of case officers from the assessment process enabled case officers to become very involved and highly supportive of community bodies without compromising objectivity in the funding allocation process. Consequently, the case officer role was universally felt by SLF beneficiaries to have significantly improved the quality of applications, and in gearing the community to meet the requirements of the fund. The specific aspects with which case officers supported SLF beneficiaries was manifested in various forms, for instance in helping the community to take on a suitable organisational structure, how to go about attracting local support, or in conducting effective community engagement.

One aspect of the case officer role seen as particularly beneficial by both case officers themselves and SLF beneficiaries interviewed were the visits made by case officers to project sites. HIE case officers made at least one visit to each case site, and often made many more (up to 15 individual visits), depending on the complexity of the project. This was seen as helpful for communities as it demonstrated an interest from the SLF itself towards potential projects and was noted as an encouraging factor by several community interviewees. In one SLF beneficiary's experience, the visit of a case officer to a community consultation was important in demonstrating the feasibility of the project to the wider community and building in community support at an early stage. Such visits also gained projects the confidence of the wider community – one project (Beneficiary D) claimed a visit by a case officer in the early stages had 'made [the project] seem more real'. The benefit of case visits was also felt on the delivery side, as HIE case officers found visits enabled a better-informed appraisal of the merits and deficiencies of a project by being seeing the project first-hand.

Inequalities between HIE and rest of Scotland communities

Communities within HIE's operational area appeared to be more successful than communities in the rest of Scotland in attaining SLF funding. Just over half (54%) of initial referrals from Big Lottery Fund to HIE came from communities in HIE's operational areas, yet almost two thirds (65%) of awards disbursed went to these communities. Unusually for HIE, their role within the SLF is pan-Scotland and not confined to HIE's operating area in the North and West of Scotland. This enabled the extension of HIE's considerable expertise in supporting community ownership to rest of Scotland communities. Nevertheless, communities in the rest of Scotland were assigned just two of the seven case officers, who each supported vast areas of land across many local authorities. Case officers interviewed believed that the rest of Scotland was not neglected in this regard, and there was not a significant disparity evident between case officer workloads in HIE and rest of Scotland areas. However, a belief that rest of Scotland areas could not access the same level of support was held by some delivery partner and committee interviewees. Community applicants across HIE and rest of Scotland areas spoke equally highly of case officers, suggesting that non-financial pre-acquisition support available was not a key source of the inequality seen in grants made to HIE and rest of Scotland communities.

In many cases, SLF applicants had some form of pre-existing relationship with HIE, and some larger and more growth-focused communities were account managed by HIE prior to application. Many communities within HIE's operational area had made initial contact with the SLF through HIE rather than the Big Lottery Fund. Communities in the rest of Scotland lacked such an integrated and widely-known agency which supported community ownership. Delivery partner interviewees considered this pre-existing relationship and knowledge of HIE was the reason that HIE communities were quicker to access the SLF, particularly in the early years of the fund, than rest of Scotland communities.

Inequalities in pre-acquisition support

Applicants to the SLF in the pre-acquisition stage had to demonstrate the feasibility of their project, including the production of a business plan. This was often a costly and time-consuming procedure, requiring the production in all cases of professional business plans, and in a few more complex cases, expensive ground surveys, specialist consultancy support, legal fees, or extensive mapping to define the boundaries of the land being sold.

The only pre-acquisition support available across the whole of Scotland was Big Lottery Fund's Investing in Ideas fund, which was accessed by most applicants and provided up to £10,000 for pre-acquisition support costs. Investing in Ideas tended to be used for business plans, feasibility studies or other technical assistance. In more complex projects, the £10,000 limit could quickly be reached. SLF applicants would have to formally apply to Investing in Ideas and were not guaranteed to receive it, however in practice SLF applicants were prioritised above other applicants and there was an almost 100% success rate for Investing in Ideas for applicants who had come through the SLF. Investing in Ideas provided a total of £418,583 to 47 SLF applicants over the lifetime of the fund.

An Investing in Ideas application took a maximum of six weeks. However, SLF applicants could also be fast-tracked through the Investing in Ideas process if circumstances demanded, and awards could be made in as little as four weeks. Nevertheless, one community interviewee (Beneficiary C) did not pursue an Investing in Ideas award because they perceived it as too onerous and time-consuming, instead turning to raising funds locally. While other SLF beneficiaries interviewed had a positive experience applying for Investing in Ideas, delivery partners were clear that this was not a workable solution in the long term since it reduced the pot of money available to applicants outwith the SLF pipeline, and was always accompanied by some degree of inflexibility and uncertainty.

Delivery partners felt that a lack of pre-acquisition financial assistance for communities outwith HIE's operational area was a major barrier in delivering the fund's stated outcomes. Whereas Investing in Ideas funding was often the only source of financial support available to rest of Scotland communities in the pre-acquisition stage, applicants from HIE areas could also access a range of flexible support options directly from HIE. In the pre-acquisition stage, HIE provided SLF applicants in HIE communities with a total of £320,000 over the course of the SLF. This financial assistance tended to support the more complex projects (particularly estate and woodland projects) which faced greater challenges in demonstrating project viability in the early stages.

Although case officers and other delivery partners believed that the financial limit of Investing in Ideas was too low and likely constrained the development of some applicants, none of the communities spoken to considered the £10,000 limit restrictive, despite many HIE communities accessing far larger amounts**.** In the main, SLF applicants in the south and east of Scotland tended to acquire assets which were smaller, more amenity-based, in better condition, and less complex than those in HIE communities. Smaller projects may have only required the production of a business plan, which would in most cases cost significantly less than £10,000. More complex projects often entailed more comprehensive technical assistance in the pre-acquisition stage for often extensive land mapping, ground surveys, complex legal advice, and other specialised technical assistance.

Nevertheless, the lack of additional pre-acquisition support would be a significant constraint on the development of more complex projects within rest of Scotland communities.

Inequalities in post-acquisition support

Communities in HIE areas also benefitted from a continuity of relationship with HIE which was unavailable to rest of Scotland areas. Although HIE's formal role in supporting SLF applicants ended upon making an application to Big Lottery Fund, it was not uncommon in practice for HIE to maintain contact with groups following acquisition, and in some cases, if they met HIE criteria, the community would enter into account management by HIE following acquisition. Case officers in rest of Scotland areas spoke of being 'frustrated' that the relationship with rest of Scotland communities could not continue following application. While the Big Lottery Fund provide account management for larger projects for three years, this was primarily a grant monitoring relationship with more limited support options compared with HIE.

The lack of post-acquisition support available to rest of Scotland communities is problematic in the long-term both in terms of the continued development of community assets and in risk management. While community asset owners (both those who have come through the SLF and those who acquire their assets through other means) within HIE areas can turn to HIE's expertise and internal financial resources if they came into trouble, rest of Scotland communities cannot access a comparable source of support. While community asset ownership sector has so far seen few significant difficulties and no major failures, the lack of a single body with expertise of community-led development and the ability to disburse financial support and technical expertise on a flexible basis for the rest of Scotland is a significant consideration for risk management in the wider community land sector in the long-term.

The importance of revenue funding

Although primarily a mechanism for enabling acquisition through funding capital costs (including legal fees), the SLF also funded revenue costs up to a maximum of £50,000 over two years post-acquisition. The vast majority of revenue funding was used to fund development worker posts, which generally carried a range of responsibilities including fundraising, strategy, project management and service delivery. These posts also often called for specific project-relevant skills, for example a housing officer was employed by Beneficiary G, and a forestry officer was employed by Beneficiary C. Over the course of the SLF, 37 of the beneficiaries (73%) applied for and were successful in securing some revenue funding in their application, over the length of the SLF, with 10 beneficiaries attaining the maximum £50,000.

The average revenue funding disbursed per award decreased over the course of the SLF, from £33,087 per award across years one and two, to £18,577 in year three, and £8,819 in year four. The decreasing trend observed is largely due to there being no carry-over of funds permitted after the SLF's expiration at the end of

March 2016, and the requirement for all revenue funding to be spent before this date regardless of the date of application. This in effect limited those receiving their award at the end of year three to one year of funding, while awards made in the middle of year four would only be entitled to six months of funding. Given that there was an often lengthy process between initial contact with the group and awards being made (an average of one year across all SLF beneficiaries), there was a significant inequality between early applicants (years one and two), and later applicants (years three and four) in their access to revenue funding. This was seen as particularly unfair by delivery partner interviewees, and remains a significant problem in the new SLF 2016-20, which maintains this arrangement.

There was also significant disagreement between different stakeholder groups over the value and importance of revenue funding. Revenue funding was seen as crucial to achieving SLF outcomes by the delivery partners, and both Big Lottery Fund and HIE case officers would actively encourage applicants to incorporate a significant revenue funding component into their application. Delivery partners felt it particularly important for community bodies to have paid development workers on board who could bring energy, professionalism and commitment to community ownership projects, and this was seen to significantly enhance the capacity of community groups significantly, compared with volunteer-run boards.

The SLF Committee attached far less value to revenue funding. While recognising that some revenue funding was appropriate in certain cases, Committee members understood the overall ambition of the SLF to be to provide the capital costs of asset acquisition, not to fund the process of asset acquisition or to fund post-acquisition work. The Committee also felt that many projects, particularly in the first year, made weak cases for the inclusion of revenue funding, and that in many cases the value of revenue funding was disproportionately large compared to the capital costs of acquisition. For the Committee, revenue funding when not properly justified lessened value for money in applications, suggesting that if competition was a bigger factor, economy in the revenue funding ask would have been a competitive advantage.

The division between the SLF delivery staff and the Committee reflected a wider dissonance in perception over the purpose of the SLF, which was echoed by community land sector representative interviewees. Amongst these groups, there were different perceptions over whether the SLF was simply a mechanism for acquiring assets, or if it also had responsibility to facilitate the development of the asset. This is suggestive of a lack of policy clarity over the relative roles of capital and revenue funding in delivering SLF outcomes. It also suggests that the value of revenue funding has not been justified strongly enough in the application detail which reaches the Committee.

SLF beneficiaries in receipt of revenue funding were universally supportive of the development officer post, most of them describing it as an essential part of the funding. Several groups could point to key services being delivered which would have taken much longer to come into fruition had a paid member of staff not been present. This evidence suggests, in line with the view of delivery partner stakeholders, that revenue funding should be considered a key part of the SLF, particularly if the long-term outcomes specified by the SLF 2012-16 are maintained in the SLF 2016-20. A fuller elaboration of how the revenue funding component facilitated the achievement of SLF outcomes is provided in the following findings section.

Recommendation 1. Ensure all delivery partners and Committee members understand the role of revenue funding in achieving SLF outcomes, and appreciate the SLF as an integrated fund for sustainable asset acquisition and limited post-acquisition support costs.

Effectiveness of the SLF Committee

The SLF 2012-16 had a Committee of five individuals, led by a chair, which met four times per year. The Committee approved all applications in the period 2012-16 bar five, two of which were rejected in 2014, and three of which were rejected at the final Committee meeting in November 2015. Since the SLF was not particularly competitive over its life cycle, the Committee largely managed to avoid having to make difficult decisions over the allocation of funding. Some Committee members felt this restricted the effectiveness of the Committee, consigning them to a rubber stamping role. The Committee did not however feel that any projects which were passed were particularly deficient, since support from case officers and Funding Officers had strengthened applications considerably prior to the Committee receiving them.

Some committee members interviewed also felt they lacked sufficient guidelines at many instances on judging criteria. The committee at numerous points had to request clarification on policy from the Scottish Government, and some members felt that the basis for making decisions was not explicit enough, particularly at the last meeting in which three were rejected. One member suggested that a way forward would be to adopt a systematic scoring method backed by clearer guidelines of Scottish Government priorities for the fund, while ensuring that changes did not constrain the Committee in decision making. The Committee were however provided with assessment scoring undertaken during the initial assessment process.

Owing to the clarity of funding guidance, the pre-acquisition support and the efficient and thorough assessment process prior to the application going to Committee, there was little competition between applicants, few rejections, and the decision making capacity of the Committee was not put under significant stress over the course of the SLF. Nevertheless, the views of the previous SLF Committee stress the importance of clarity of policy guidance going forward with SLF 2016-20, where competition may be fiercer.

Recommendation 2. Ensure the new SLF Committee members are provided with clear guidance for making awards and understand how to compare the benefits of urban and rural applications

Section summary

Both SLF beneficiary and delivery partner interviewees were very positive about the SLF funding conditions and its administration. Many compared the application process favourably to comparator funds, and the flexibility displayed in fast-tracking applications avoided a likely negative outcome in at least one of the projects analysed.

Nevertheless there are two major concerns which have emerged. The first is a significant disparity in support available to communities in HIE areas and those across the rest of Scotland across the asset acquisition and development process. This is most clearly apparent in the pre-acquisition support available, where HIE communities are able to draw upon a range of flexible support funds (accessing an additional £320,000 over the course of the SLF), leaving rest of Scotland communities limited to applications to the Investing in Ideas fund which had a £10,000 ceiling (£418,583 was invested through Investing in Ideas across both HIE and rest of Scotland communities in total). HIE communities could also expect their relationship with HIE to continue following receipt of SLF funds, with communities sometimes passing into account management through HIE. While SLF beneficiaries could access some grant management support from BIG Lottery Fund, this has long-term implications for risk management in community ownership in the rest of Scotland as a sector, which can draw on single organisation with HIE's expertise, flexibility of support, and resources.

The second major concern is a tension between SLF Committee members and delivery partners over the purpose of the SLF. While the Committee saw the fund primarily as a tool for funding the capital costs associated with acquisition, delivery partners saw it as providing an integrated approach to asset acquisition and facilitating development. At the heart of this disagreement is the importance attached to funding a development worker post to facilitate development upon acquisition. The SLF beneficiaries interviewed were unanimous in their perception of the importance of development workers, which helped to improve post-acquisition outcomes in many of the cases analysed. Nevertheless, this difference in viewpoints suggests that the role of revenue and capital funding in achieving SLF outcomes should be made clear to all stakeholders in the new SLF 2012-2016.

How has the Scottish Land Fund 2012-16 benefitted communities?

The importance of the SLF to growing community ownership

The SLF has been of crucial importance to the growth of community asset ownership over the period 2012-16. In total, 50 communities have received awards totaling over £9.8 million which has resulted in a range of assets, from small amenity-based projects to entire estates, being acquired by communities. The SLF financed the acquisition of 83,829 acres over the 2012-2016 period, which is almost a fifth of the total acreage currently in community ownership. Interviewees from across the three stakeholder groups were unanimous in the opinion that the vast majority of projects supported by the SLF would not have been able to acquire assets if the SLF was not in place. This view is supported by figures for the uptake of the Community Right to Buy, which is the main statutory route through which communities have taken ownership of land. Of the 21 completed purchases through the Community Right to Buy since 2003, nine have occurred over the life cycle of the SLF. Of these nine, seven acquired SLF funding for acquisition, which suggests that the SLF has been the foremost source of support for community acquisition of land.

Another way of ascertaining the criticality of the SLF for asset acquisition is to look at success of those not eligible for the SLF in financing acquisition through other means. Until late 2014 uncertainty over the applicability of European Union State Aid restrictions to the SLF stalled the progress of some applicants seeking to take over woodland. These applicants looked extensively for other funding options, but none were successful in attaining funding. The projects were ultimately cleared through the SLF on resolution of the State Aid concerns towards the end of year three. The lack of success of woodland projects in acquiring land through other routes again implies that the SLF was a crucial channel for communities looking to acquire assets.

The outcomes of community ownership

It is beyond the scope of this evaluation to provide a comprehensive impact analysis of SLF 2012-16. Drawing principally on interviews with SLF beneficiaries and case officer supports, this section intends to generate an impression of the common outcomes – positive and negative – which have occurred through community ownership. Following a review of case notes, community interviewees were asked to describe what difference they felt ownership had made to their community, and following this were asked to consider the specific economic, social and environmental outcomes which had been achieved as result of taking ownership. Each community had been awarded SLF funds at least two years before interview, to allow time for benefits of ownership to emerge.

SLF grants were awarded to a diverse array of project types, from small amenity-based projects to large and complex estate buyouts in the Western Isles. There was also significant diversity in the reasons driving communities to seek ownership. Amongst the small sample of seven projects in this report, one community sought ownership reactively to prevent the closure of vital services (Beneficiary A), while another sought to safeguard themselves against changes in landownership (Beneficiary F); other communities sought ownership pro-actively, in order to generate sustainable revenue streams (Beneficiary D), to respond to community need (Beneficiaries B and G) or to convert assets to community amenity use (Beneficiary E). For some communities, a mixture of pro-active and reactive drivers appeared to prompt applications to the SLF (most notably in Beneficiary C). In lieu of such diversity in project type and intention, there was striking similarity in the responses of SLF beneficiaries to questions about the benefits of ownership. The following section delineates between three types of outcomes which occurred sequentially in the cases analysed: immediate outcomes, intermediate outcomes, and long-term outcomes.

Immediate outcomes

SLF beneficiaries framed the principal benefits brought about by ownership in terms of the more intangible impacts, which were realised immediately upon asset acquisition, or very shortly following it. Beneficiaries were less likely to consider the tangible outcomes, such as new services being delivered, or economic gains such as increased turnover or profit, as the primary outcomes achieved.

When SLF beneficiaries were asked what they considered the main benefit of ownership to be, the most cited factor, apparent in every case analysed, was an increased sense of being in control of their own futures, which enabled communities to take a long term and strategic approach to improving sustainable development. When beneficiaries were probed further on this point, this outcome was related to a number of other issues.

Firstly, several SLF beneficiaries responded that ownership ensured that the benefits of new projects and services developed would accrue directly to the community, rather than to an external landowner. Community ownership allowed communities to capture the full value of the development of the asset, and this acted as a greater incentive to pursue commercial activity. This motivation was apparent in cases (Beneficiaries B and C) which had a commercial focus. Community ownership was also seen as more clearly focused on the long-term wellbeing of the community than private ownership, and was contrasted in some cases (Beneficiaries B and F) with the financial or recreational interests of private individuals or companies who chose to acquire land.

SLF beneficiaries (A, B, C, and F) also commonly reported a feeling of security which accompanied ownership. Beneficiary F was strongly motivated by insecurity of land tenure towards community ownership. When the land it was occupying was put up to market, this beneficiary feared the community group would be forced to cease its operations if a new private owner took over.

In all cases, beneficiaries agreed that security of tenure lowered the risk of developments being interfered or objected to by landlords, or threatened by assets being sold on to owners with different intentions for land use. Ownership facilitated long-term planning and strategic management by improving stability in land use and control over development. While Beneficiary G did not rule out the possibility of pursuing a housing development without ownership, such a project would never have been attempted in the first place owing to the uncertainty and difficulty associated with leasing or other forms of land tenure. The stability brought about by ownership in this case made it worth planning in the long term, as the risk to derailment of community ambitions was significantly lessened.

The other principal immediate outcome, again reported by every SLF beneficiary interviewed, was a surge in interest and activity within the community upon asset acquisition. This was described variously as 'community interest' (Beneficiary D), 'energy' and 'enthusiasm' (Beneficiary E) or 'momentum' (Beneficiary A), which seemed to be generated upon taking ownership. In some cases (Beneficiaries A, C, D and E) there was a sense of increased engagement or buy-in from the local community following ownership, and the assets themselves became more of a focal point for the community. This was evident in some cases in an increase in enquiries or involvement from the wider community (Beneficiaries A and E), while other groups related it to a visible increase in social activities being carried out following asset ownership (Beneficiaries C and D).

Most SLF beneficiaries interviewed also reported an increased sense of confidence (Beneficiaries A, C, D, E, F and G). This confidence encouraged communities in the post-acquisition period and confidence was cited as encouraging communities' confidence in their abilities to take forward larger and more complex development projects following acquisition. Completing the asset acquisition process had for Beneficiary C 'shown what we can achieve' and increased ambitions for development projects following acquisition. Some communities also felt they were taken more seriously by external stakeholders, including other funders (all beneficiaries), other organisations, e.g. the local authority or other service delivery partners (Beneficiaries B and G), and one case had noted significantly increased media interest in the assets following acquisition (Beneficiary D). The confidence which ownership conferred was important in raising the profile of the community: following acquisition Beneficiary D reported the feeling that 'we're now definitely on the map'.

Intermediate outcomes

The set of immediate outcomes described in the previous section concerns intangible changes in the psychology and outlook of the community, and lacks a material impact on more tangible outcomes. In all of the cases analysed, ownership also fed into a set of intermediate outcomes in which tangible progress towards the community's ambitions was evident. These intermediate benefits could be seen on three main levels: in helping to leverage additional finance, in simplifying the development process, and in using acquired assets for small-scale, socially-focused activities for the community.

The SLF lacks a development funding component, and communities were expected in many cases to seek further funding upon acquisition for development purposes. Recipients of SLF funding appear to have been highly successful in this regard, and end-of-grant reporting indicates that SLF beneficiaries have leveraged over £4.5 million in post-acquisition funding at time of writing from a variety of sources. SLF beneficiaries appeared to be particularly successful at securing GCA funding, with over £2.9 million already secured, and almost £5 million under consideration for GCA stage 2 funding. Given that over half the SLF beneficiaries have not reached the stage of end of grant reporting, the leverage figure is a significant underestimate of the current total leverage of all SLF beneficiaries, and this will also

increase over time at beneficiaries attract more funding. In every case analysed, community groups had begun to work towards larger and more complex projects than had been attempted before acquisition, and ownership was considered crucial to beginning work on, or even considering, these more ambitious developments. Many of the cases analysed (Beneficiaries A, B, C, and G) also had active applications for large development grants at time of interview.
Both the ownership of assets and the attainment of SLF funding itself appear to have helped communities to attract development funding following acquisition. Interviewees across the three stakeholder groups agreed that many funders (including LEADER, GCA and the Rural Housing Fund) understood ownership as a desirable or essential criterion for awarding grants to support the development of assets. This was due in large part to the risk mitigated by the control over land use and security of tenure which ownership conferred, as well as the ability to capture any increase in asset value which development imparted.

SLF beneficiaries were unanimous in the view that having received SLF funding itself helped leverage further finance for development. SLF funding was seen to demonstrate to funders a track record in carrying out complex developments, and a mark of professionalism. This view was echoed by SLF delivery partners. Ownership for the communities analysed had in the medium term enabled a significant expansion of the size and scope of development opportunities being pursued (in each of the cases analysed, within 1-2 years), which without ownership would have been impossible to achieve. Under leasing, communities could not guarantee stability in land-ownership and lacked control over factors which could impede the development process. This risk made both communities and funders less likely to support large developments without ownership. This was evidenced in one case (Beneficiary F), which before acquiring their assets through the SLF had explored the possibility of GCA funding for acquisition and development, without success. When the SLF supported the community to take ownership of their land, a second application to GCA for development funding was approved.

Beneficiaries also related how ownership had simplified the development process. Ownership brought control over land use which made projects simpler to plan and enact on a practical level than through leasing or other forms of land tenure. Control of land was seen as a crucial factor in project planning and strategic management. Beneficiary F spoke of wishing to place a bench on a patch of land for public use – however even this small change in land use could not have been attempted under the previous lease arrangement with the private landlord since ‘the process would have taken months’ of negotiations. In the case of Beneficiary E, control of land use was crucial in permitting the construction of a continuous footpath around the community-owned loch for community recreational use. These are isolated incidents, however in every one of the cases analysed, each could point to services and projects which would not or could not have been pursued prior to acquisition. Under ownership, communities did not need permission for changes in land use, nor did they require maintaining constructive relationships with landlords which in several of the cases analysed had been fractious.

Many cases analysed (Beneficiaries C, D, E and F) also progressed to using the asset for small-scale social activities and services for the benefit of the wider community. Many of these activities were focused on redressing services unavailable to the community, or were otherwise responses to local problems. For example, Beneficiaries D and E were able to use their recently acquired assets to put on a variety of social events in the first year following acquisition. In the case of Beneficiary D, the main building acquired began to function as a community hub, with regular events such as a craft fair for local artists which was staged because there were no local opportunities for artists in the region. Beneficiary E responded to the declining use of the loch they acquired by staging a range of social activities including fun runs, wildlife activities and school and nursery visits, and encouraged public use of the buildings acquired. These activities raised the profile of the group significantly and helped them to increase visitor numbers to the loch significantly over the first two years. Most of these social activities were put on with little or no funding, beyond staff costs of a development worker.

In the cases analysed, the process of securing funding and beginning significant development works following acquisition tended to be lengthy. This delay was partly justified to allow the careful researching and planning which significant commercially-focused development projects invariably entailed. However, in many cases the delay was prolonged by lengthy lead-in times between securing funding for acquisition and funding for development (for instance, it would take 18 months to complete both stages of the GCA application process). In the cases with a focus primarily on income generation (Beneficiaries A, B, C and D), small socially-oriented activities would take place while development funding was sought for larger projects over the long term. These small-scale projects and social activities were important in sustaining the energy and momentum released upon ownership into the medium term, preventing the wider community from becoming disinterested while enabling the innovative use of acquired assets to address local priorities and social needs.

Development workers were considered by SLF beneficiaries to give rise to confidence in their ability to plan and manage large development projects. SLF beneficiary interviewees responded in every case that development workers were essential to the success of projects in the post-acquisition period, and that volunteer committees would not have had the capacity or confidence to carry out works in their absence. Of the beneficiaries interviewed, those managing or planning large and complex developments (e.g. Beneficiaries A, B, F and G) all described the development worker role as crucial, and considered that these projects would not have been attempted with just a committee of volunteers. Development workers brought a degree of professionalism, dedication and energy which made community groups more self-assured and this in turn raised the ambitiousness of the development projects pursued. It is likely that this increase in confidence and ambition is a contributing factor to the success of SLF beneficiaries in leveraging significant amounts of post-acquisition development funding.

Development workers in most of the cases (Beneficiaries A, C, D, E and F) were also observed to play a leading role in service delivery and project management of small-scale socially-focused activities which engaged the wider community in the use of the acquired asset(s). In the case of Beneficiary E, the development worker was engaged in organizing fund-raising events, marketing and promotion of the asset, and building links with local nurseries and schools to increase its use. Having a consistent and professional presence behind its social events enabled Beneficiary D to sustain community interest and engagement two years following acquisition. This community body reported that development workers had a key role in preventing the energy and momentum which accompanied acquisition from burning out in the post-acquisition development process.

Long-term outcomes

Communities applying to the SLF were asked to consider how to achieve at least two out of four outcomes which spanned economic, social, and environmental domains, community engagement and community resilience. These outcomes represented the tangible impacts which the SLF aimed to achieve in the long term. Accordingly, SLF beneficiaries were prompted in interview to identify the more tangible outcomes which had been achieved through ownership. All cases could point to progress in the development of new services after taking ownership, and the majority could clearly demonstrate an increased level of community engagement and social activities following acquisition. However, far fewer communities felt they were in an advanced enough position to say they had achieved economic outcomes, for example increased turnover, profit, job creation, or tangible manifestations of community resilience, for instance increasing population levels, the restoration of vital services, or progress towards economic self-sufficiency.

There were two beneficiaries (A and D) which could demonstrate increasing revenue and progress towards self-sufficiency. These were both communities which had acquired assets which were in commercial use prior to ownership and in one case had significant pre-existing revenue streams, which were capitalised upon after acquisition. These cases both entailed significant development costs, however when compared with many other SLF projects, these developments needed less time, finance and creativity before they could begin to generate income. Larger and more complex SLF projects – for example estate buyouts, woodland developments, or larger housing projects – often had to undertake significant development work over a period of years before assets became usable and they could begin to generate any income. In three of the most complex cases analysed (Beneficiaries B, C and G), although each had plans to establish sustainable revenue streams through commercial activities, interviewees predicted it would still take years to achieve self-sufficiency.

With the exception of Beneficiaries A and D, none of the cases had a business plan to reach a state of economic self-sufficiency and no group had begun to make profit at the time of interview. This suggests that communities are not likely to be able to finance their own staff or project costs in the short or medium term, and most are likely to take a number of years to generate substantial revenue streams. This in turn suggests that achieving economic sustainability through community ownership,

as opposed to realising its social benefits, is a long-term goal and can only occur after a lengthy development process. Only in situations where pre-existing revenue streams can be exploited can economic benefits be expected in the short term (in the cases analysed, within two years). However, given that much community ownership has traditionally taken place in situations of market failure and prolonged underdevelopment, building revenue streams and improving sustainability should be understood as a long-term ambition likely to take a number of years.
More success was seen in generating economic benefits indirectly to the wider community through local multipliers. This was an economic benefit shared by both amenity and commercially-focused projects, most clearly apparent in Beneficiaries A, D and E. This benefit was communicated through anecdotal evidence in the cases of Beneficiaries A and D, however Beneficiary E, through re-development and promotion of the loch and surrounding area, was able to substantially improve visitation rates which had clear knock-on effects for local cafes, pubs and hotels.

Another long-term benefit, which was apparent only with the most established community asset-owner, with acquisitions pre-dating its SLF award (Beneficiary G), was that having assets on the balance sheet improved the credibility of community bodies as financial entities. This group described how having assets on the balance sheet had acted as collateral to help achieve lower interest rates when borrowing privately and through social finance. This shows how asset ownership can support the long-term development of established and professionally-run community organisations by accessing more favourable interest rates when borrowing.

A final long-term benefit was that communities were better able to respond to opportunities which presented themselves after acquisition. Many of the cases analysed (Beneficiaries A, B, C and D) were engaged in activities which did not form part of their original business plan or ideas prior to ownership, but which had occurred as a result of the community taking advantage of local opportunities which had emerged following acquisition. For instance, Beneficiary D had recently been given the opportunity to take ownership at no cost of a local building under local authority ownership which the authority was seeking to be rid of, and had begun plans to turn part of the building into a commercial let. This case had also expanded into hosting weddings using the assets acquired, which was also unanticipated before ownership. Beneficiary B had just received funding at the time of interview to develop a marina to provide a long-term income stream and improve the accessibility of the community. Ownership had enabled the community to take advantage of a large local development project to develop a network of connected marinas. These examples would not have occurred had the communities not taken ownership of their assets, and they show that ownership can bring about opportunities which are unexpected at the time of acquisition. This supports Skerratt's argument that community asset owners achieve resilience in the long-term, not just in their ability to respond to threats or shocks, but through being pro-active and entrepreneurial.[5]

[5] Skerratt, S. (2013). Enhancing the analysis of rural community resilience: evidence from community land ownership. Journal of Rural Studies, 31, 36-46.

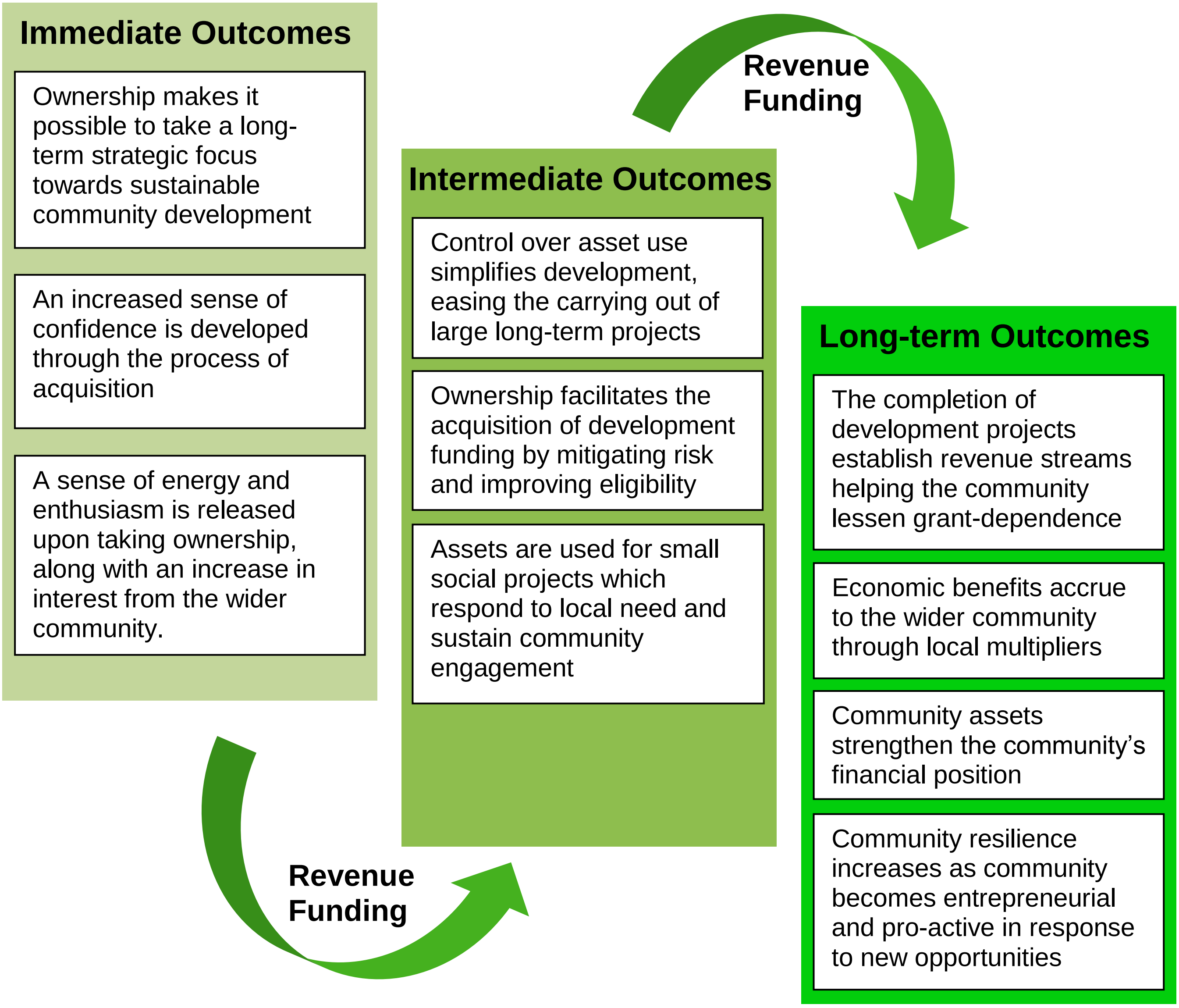
In the long-term, revenue funding appeared to be an important factor once again in enabling communities to move from intermediate to long-term outcomes. Many cases (Beneficiaries A, B, C and G) had large development projects underway which needed specific expertise – e.g. woodland management, knowledge of the planning permission process, or architectural qualifications and experience – without which the community would not have had the necessary skills base to proceed with desired developments. Development workers were felt by one delivery partner to punch above their weight in many cases, bringing skills which were crucial in moving development projects forward. Beneficiary A for instance was able to attain planning permission for three properties on land it had acquired because of the development worker's knowledge of the planning process and architectural background. This made it possible to tackle a highly complex project which the volunteer committee lacking such skills would have found much more time consuming and technically challenging.

In all cases, development workers took a lead on fundraising efforts for development. Development workers brought with them knowledge of the funding landscape and often were accomplished in preparing confident grant applications. Development workers would lend additional capacity in making sure that applications were strong, and that projects were delivered on time. In this way, the presence of paid development workers was observed to accelerate the pace of development and shorten lead-in times between acquisition and the initiation of development projects. The cases analysed were highly successful in securing additional funds, with two cases (Beneficiaries B and F) in receipt of grants of more than £500,000 for large development projects. These beneficiaries were unequivocal that funding for these projects would not have been secured had development workers not been employed.

Understanding the outcomes of community ownership

Ownership in the cases analysed was observed to have triggered a common chain of effects whereby the intangible benefits occurring immediately upon ownership facilitated the transition to a set of medium-term 'intermediate' outcomes, which in turn eventually resulted in more tangible impacts in the long-term. The logic model presented in Figure 3, overleaf, attempts to capture this process in detail.

Figure 3. The sequential realisation of outcomes under community ownership



SLF beneficiaries interviewed understood the main immediate benefit of ownership as the ability to take a long-term and strategic approach to development which was better linked to local concerns and harnessed local assets. This was buoyed in all cases by an increased sense of community energy and momentum released upon ownership, and a greater sense of confidence and ambition shared by the community.

These immediate outcomes enabled the transition into a set of intermediate outcomes where more concrete progress was observed. In this stage, ownership enabled a more straightforward means of land use than previous arrangements of asset use such as through leasing. This facilitated the strategic management of assets over the long-term, and made it both possible and worthwhile to plan larger development projects in the post-acquisition period. Control over asset use also enabled communities to use assets for community benefit on their own terms, which in many of the cases analysed led to an increase in social events for the community which built community cohesion and engagement.

Ownership also aided communities significantly in leveraging funding in the post-acquisition period for larger and more significant developments. Ownership itself brought communities the security of tenure which mitigated risk associated with development and assured funders that projects could be completed. Having received SLF funding was an additional reassurance for funders, and was an additional factor for the observed success of SLF beneficiaries in acquiring significant finance for developments following acquisition.

Ownership was also observed to facilitate community resilience in the long-term, evident in the gradual increase in revenue generation and progress towards self-sufficiency in Beneficiaries A and D, and in the use of assets on the balance sheet in facilitating better access to social finance in the case of Beneficiary G. Communities also became more pro-active and entrepreneurial, with ownership of assets enabling several groups (Beneficiaries A, B, C and D) to respond to opportunities for development which had arisen after acquisition.

Development workers were observed to facilitate the transition of immediate outcomes to intermediate outcomes by building community confidence and the ambitiousness of post-acquisition development projects, and also by sustaining energy and momentum into the post-acquisition development process. Development workers also helped some cases to move from immediate to long-term outcomes, by improving fundraising capacity and the management of large development projects, and also by bringing specific professional skills which could make development projects a reality.

Negative outcomes

While many of the positive impacts of ownership described so far were experienced to greater or lesser degrees by different communities, no SLF beneficiary interviewed reported any notable negative impacts which had occurred following ownership despite being asked directly about this.

The main negative outcomes uncovered were experienced by communities which were judged to be ineligible for the SLF. Some groups were blocked from applying for the full SLF grant due to European Union State Aid concerns, which was a subject of significant contestation from 2012-2014. State Aid was a particularly thorny issue with communities seeking to take over woodland areas. Delivery partners did eventually reach a shared position on State Aid which allowed most of the applications from community woodland groups to be approved eventually, however the process resulted in significant delays and frustrations for the affected groups.

One case (Beneficiary C) requested £750,000, but later accepted a smaller grant of £311,500, making use of the *de minimis* regulation in State Aid which limits the total funding available to be disbursed. In order to raise the extra capital for acquisition (total project cost of £1,663,500) this group was forced to grant a 99-year lease for its commercial timber activities to a private company, which nullified the community's original plans to use the assets as a commercial business to generate revenue themselves. The group's ambitions for self-sufficiency were significantly hampered without the commercial timber activities, and the group remained dependent on short-term grants to keep the services it had developed running. This negative outcome is specific to one particular application, however it is an indication that poor communication and a lack of clear guidance shared across the delivery partners can have significant negative consequences for communities.

Section summary

Community ownership has been, in every case under study, an overwhelmingly positive factor for sustainable development. No SLF beneficiary spoken to reported any negative outcomes arising from ownership, and all reported significant improvements in conditions following acquisition. Many of the outcomes of community ownership reported here resonate with the findings of the Short Life Working Group (SLWG) report,[6] which in itself suggests that the SLF has been an efficient mechanism for realising many of the benefits of community ownership.

The main point which the findings presented here add to existing understanding of the outcomes of community ownership is a greater appreciation of the broadly linear and sequential process through which outcomes are achieved. Ownership in the cases analysed triggered a common chain of effects whereby the intangible outcomes which occurred upon immediately upon ownership facilitated the transition to a set of medium-term 'intermediate' outcomes, which in turn eventually resulted in more tangible impacts in the long-term. The logic model presented in Figure 3 attempts to capture this process.

Communities which had taken over assets in existing use and in a good state of repair were able to demonstrate material progress towards long-term economic outcomes (Beneficiaries A, D and E), either to the wider community through increasing local economic multipliers (Beneficiaries D and E), or directly to the community body through increasing revenue streams (Beneficiaries A and D). Most of the cases analysed, particularly those which required more substantial post-acquisition development work, had not reached such an advanced stage of development by the time of interview. Given that the cases analysed were amongst the first awards given by the SLF, it can be assumed that the majority of projects funded by the SLF are yet to achieve long-term outcomes. Most projects had however accessed significant further funding streams and were undertaking large developments, suggesting that, in accordance with the logic model in Figure 3, more tangible long-term benefits will be achieved further down the line.

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[6] Scottish Government (2015) One Million Acres by 2020: Strategy report and recommendations from the 1 Million Acre Short Life Working Group Strategy. http://www.gov.scot/Resource/0049/00490614.pdf

Understanding the outcomes of community ownership as a sequential process implies that funds which aim to realize the benefits of community ownership should aim to identify and enhance the factors which accelerate progress along this sequence of outcomes, and limit the factors which impede progress. Findings suggest that revenue funding for paid development workers had a key role in aiding communities in transitioning firstly from immediate to intermediate outcomes, and then from intermediate to long-term outcomes. This is represented by the curved arrows in Figure 3.

What additional challenges might the move of the SLF 2016-20 into *urban* areas present?

SLF 2016-20 opened for applications on 1 April 2016. SLF 2016-20 is a significant expansion in both size and scope for the fund, with a number of alterations to how the fund is disbursed across the asset acquisition process. The changes to the SLF in 2016-20 are:

- A commitment to extend the SLF to 2020 with an initial contribution of £10 million for the first year.
- An extension of the fund to cover the whole of Scotland, not just rural areas
- The move to a two-stage application process, with delegation of stage 1 grant decision making (pre-acquisition) to a management group staffed by Highlands and Islands Enterprise and Big Lottery Fund.
- The inclusion of stage 1 funding (pre-acquisition) in the form of development grants of between £10,000 and £30,000
- An extension of the maximum revenue funding award to £100,000 (including the stage 1 development grant) over 3 years post-acquisition
- The extension of the maximum single award value from £750,000 to £1 million

The introduction of dedicated pre-acquisition support with a ceiling of £30,000 has the potential to significantly tackle the observed inequalities between HIE and rest of Scotland areas in SLF 2012-16. The reliance of rest of Scotland communities solely on Big Lottery Fund's Investing in Ideas fund for pre-acquisition support was time-consuming, it depleted funds available to non-SLF Investing in Ideas applicants, and was capped at £10,000 regardless of need. The move to disbursing pre-acquisition funding will enable pre-acquisition support to fit cases on their own characteristics, recognising that complex projects are likely to meet higher technical costs.

However, given that throughout the course of the SLF 2012-16 communities within HIE areas drew upon £320,000 from HIE in pre-acquisition support, it is possible that the additional pre-acquisition support in SLF 2016-20 will largely substitute for HIE's internal resources. If significant competition for the fund is achieved, it should be considered to set aside revenue funding specifically for rest of Scotland communities who do not have access to additional financial support in the pre-acquisition stage.

Recommendation 3. Consider reserving larger development grants for more complex projects for communities unable to access HIE's internal resources, if competition for funding becomes significant

The extension of post-acquisition support to 3 years in exceptional circumstances is also appropriate. Many of the more complex projects, particularly estate buyouts, woodland or housing projects, are necessarily multi-year projects which often require dedicated specialist professional support. SLF beneficiaries interviewed from the larger and more complex projects (Beneficiaries B, C, D, F and G) all stressed how important sustained revenue support for dedicated staff is for the continuity of large and complex projects**.** One interviewee whose funding ran out and was unable to renew the post (Beneficiary C) spoke of all the energy and momentum being 'sucked out' of their developments and put into trying to secure further funding for their development worker.

The major omission in post-acquisition funding arrangements in the SLF 2016-20 is the continued requirement to spend all revenue funding within the fund's four-year cycle. This means that the full three year's revenue funding will be available only until April 2017. Only applicants who are particularly quick off the mark will be able to gain access to the full three years of funding, which are likely to include many of the pipeline projects which remain from SLF 2012-16. This does not give enough time for communities to make use of new provisions in the Community Empowerment (Scotland) Act 2015, including the extended Community Right to Buy, to progress to ownership of assets. A key aim of SLF 2016-20 is to extend availability to the whole of Scotland, following the extension of the Community Right to Buy. The restriction of revenue funding in this manner risks undermining such an ambition.

Owing to the potential to generate inequalities in the distribution of SLF funding, it is recommended that communities have access to three years revenue funding regardless of at what stage they apply. This is to ensure a more equal access to SLF monies, and to not disadvantage communities taking advantage of new legislative powers under the Community Empowerment (Scotland) Act 2015, and the Land Reform (Scotland) Bill. Such an arrangement could be made through the provision of further resource to the SLF by Ministers, or alternatively arrangements could be made with delivery partners to spread the existing resource base across three years following the completion of SLF 2016-20, perhaps in concert with Big Lottery Fund's existing three-year grant monitoring commitment.

Recommendation 4. Ensure that SLF 2016-20 applicants can access the full amount of revenue funding regardless of when they apply. Financial arrangements will need to be in place by year two (2017-18) to ensure later applicants are not unfairly disadvantaged.

Based on the findings in the first two parts of this evaluation, with some exceptions already noted, the modifications to the design on of SLF 2016-20 are improvements to the SLF 2012-16. However, the expansion of the SLF into urban areas means that SLF 2016-20 must also be equipped to face the challenges of its extended remit, not just remedy its past deficiencies.

Demand for the SLF 2016-20

SLF 2012-16 faced a relatively stable demand profile which did not exceed the available budget over its four years of operation. The relative lack of competition enabled very diverse projects to be funded alongside one another without significant competition between them; concomitantly, an increase in demand may surface differences in which projects should be prioritised. The expansion of the SLF 2016-20 to cover the whole of Scotland is likely to significantly alter the demand profile, however it is very difficult to predict exactly how.

There are currently 56 projects in the pipeline for SLF 2016-20 at the close of SLF 2012-16, coming to total value of £7,727,195. Delivery partners estimate that less than half of this will clear within one year, however this still indicates that a third of the budget for the first year of SLF 2016-20 may be taken up by SLF 2012-16 applicants. It is also possible that the promotional work for the SLF 2016-20 carried out by Big Lottery Fund and HIE, and media coverage surrounding its launch, may increase the appetite for funding, resulting in more applications coming through when the new fund opens.

Some insight into future demand for SLF 2016-20 can be gained from the experience of the first round of GCA (2006-2010), which superseded Big Lottery Fund's Scottish Land Fund (2001-2006). Similarly to SLF 2016-20, GCA extended support previously reserved for rural areas to the whole of Scotland. The evaluation for GCA found that the first year was dominated by applicants from rural areas who were quicker to respond to the opening of the SLF, but that urban projects eventually increased to become a sizable minority of projects in GCA's funding profile[7]. There is thus some reason to believe that demand in the first year of SLF 2016-20 will be similar in profile to the final year of SLF 2012-16.

It cannot be said for certain that SLF 2016-20 will follow the same pattern of demand as the first GCA, however. Legislation is now far more amicable to the transfer of assets to urban communities than it was in 2006 when GCA was introduced, and awareness of the possibilities and benefits offered by ownership is now more commonplace. Notably, the Community Empowerment (Scotland) Act 2015 has extended the Community Right to Buy powers to urban areas, while most of the 32 Community Planning Partnerships now have a functioning asset transfer policy, with some better developed than others. There are also likely to be some high-capacity urban communities waiting to apply to the SLF 2016-20 when it first opens. Given that legislative powers are not currently fully functional and will take

[7] SQW Consulting (2009). Evaluation of Growing Community Assets: First Year Baseline Report. Glasgow: Big Lottery Fund.

time to gain traction, and the SLF is likely to be less known amongst urban communities, it seems reasonable to assume that urban applications will be few in number until at least 2017, whereupon urban communities will begin to take notice of the SLF and take advantage of new statutory and non-statutory opportunities to acquire community assets. There may also be a greater number of high value housing projects due to changes in the Rural Housing Fund better linking ownership and development.

Urban projects are likely to feature more strongly in SLF 2016-20 from its second year onwards. Owing to higher land prices, urban asset ownership projects are known to carry comparatively higher values than rural equivalents, and therefore the gross value of demand will likely eventually be much higher than in the SLF 2012-16. A best guess would predict that the SLF 2016-2020 is likely to face a non-linear demand curve, with steady demand in the first year, rising sharply once an larger number of high-value urban applications come in after 2017. For this reason, demand in 2016-17 should not be taken to be indicative of later years, which likely will bring a greater number of higher value projects.

Demand also has implications for the cohesiveness of the SLF. The SLF 2012-16 funded a very diverse array of projects, from small amenity-based initiatives all the way through to very large and complex projects. So far, the SLF has been able to fund all such projects through a combination of flexibility in the way the fund is administered, and a lack of competition between applicants. An increased level of competition between applicants could surface some tensions amongst SLF delivery partners and the Committee as to which applicants better fit the SLF's ambitions. Some interviewees in the Committee and community land representatives felt that the fund should ensure it is in a position to fund rural estate buyouts as a priority, and were cautious that high value urban applications had the potential to squeeze out other applications. There were also fears amongst some interviewees that the SLF 2016-20 would be dominated by high-value applications coming both from rural communities in HIE's area and urban communities in the central belt, neglecting smaller settlements in the rest of Scotland.

Some SLF 2012-16 Committee members felt that in going forward, clearer guidelines would be necessary to adjudicate fairly between different types of urban and rural applications, which have different merits and implications for value for money. While urban projects are likely to benefit more people, they are also likely to have much higher capital costs in comparison to rural projects, and diminish the total allocation of funding much more rapidly. If competition amongst applicants increases, the criteria by which a very diverse array of projects may be judged alongside one another will need to be clarified, as per Recommendation 2.

Additional difficulties which the SLF 2016-20 may encounter

Based on the experience of both the first and second GCA, and of community asset ownership more generally,[8] urban applications are more likely to be based on buildings rather than land, and are likely to be far higher value owing to higher land prices in urban Scotland. There were perceptions amongst some delivery partners and community land representatives that urban communities have less of a tradition of asset-ownership, and fewer models of good practice to learn from, which may lead to longer development times and more need for support. Urban areas were also felt to present a number of additional difficulties which might impact on their capacity to deliver SLF outcomes. Some delivery partner interviewees anticipated that defining communities would be difficult in urban areas owing to the larger size of communities and less clear-cut boundaries between communities. There were also assertions that social capital may be weaker, and that demonstrating community support might be more difficult for urban communities.

This view is however disputed by other delivery partner interviewees with direct experience of working with both urban and rural communities, who argued consistently that there are no significant differences between the two groups, and that in practice many difficulties are easily avoided. The experience of GCA has shown that in practice urban communities are able to self-define their boundaries without issue. By setting different standards for a demonstration of community support (e.g. setting a target number of the community in support, rather than a percentage), this issue also need not cause issue. The SLF housing policy will need to be revisited to ensure its relevance to urban areas. For instance, there is currently a restriction that no two housing projects should be funded within ten miles of each other; this restriction no longer makes sense given the population density of urban areas.

Some delivery partners also hold the belief that urban applications are likely to face higher risks than rural applications. As urban asset ownership has tended to be building-based rather than land-based, some delivery partner interviewees anticipated that such buildings would be in need of very substantial development and refurbishing costs – which would be ineligible for SLF 2016-20 funding. This would mean that communities are acquiring liabilities, rather than assets, until appropriate developmental funding could be attained. This was felt by one delivery partner to increase the risk of community bodies folding, running debt or the assets they hold depreciating in value. To mitigate against this issue, one potential solution would be for projects, urban or rural, to go straight to Community Assets (the successor to GCA) which, like GCA, can fund both acquisition and redevelopment.

A better long-term solution is to consider how the acquisition and revenue funding provided by the SLF can be better integrated with developmental funding provided by other relevant funds. There is still considerable lead-in time between the SLF and GCA (though Big Lottery Fund could push applications through to reach stage 2 of the GCA funding process), LEADER, and the Rural Housing Fund (often over

[8] Black and Leeman (2012) Community Ownership in Scotland: a Baseline Study. Edinburgh: DTAS.

one year), as communities have to wait until they have acquired assets to begin the application process for development funding. With often no communication between the acquisition and development funding process at present, many of the beneficiaries interviewed experienced asset acquisition and development as a sequential, rather than integrated, process. Having Big Lottery Fund administer both GCA and the SLF did allow significant integration between GCA and the SLF which allowed communities to progress through the GCA funding process before completion of the acquisition through the SLF, however some beneficiaries interviewed still remarked upon the gap between acquisition and development. It is recommended to explore ways to better integrate the SLF with key sources of development funding, particularly in cases seeking large grants and those which have concrete and well-planned development ambitions following acquisition.

Recommendation 5. Seek greater integration between the major funding streams for community ownership (e.g. LEADER, GCA and the Rural Housing Fund) to reduce lead-in times between acquisition and development.

Communities outwith the HIE area also face increased risk in the long run when compared to HIE-supported communities. HIE is able to provide technical and financial assistance to communities who run into trouble after acquisition, and can use these powers to advise or steady communities who run into difficulties following asset acquisition. There is no such agency available to rest of Scotland communities with a comparable level of expertise or readiness of financial support. This leaves open a problematic element of long-term risk to rest of Scotland community asset owners which may eventually lead to poorer long-term outcomes.

There is also a danger of local authorities seeing the SLF as a means to realise better value from their own asset transfer activities. Local authorities have been encouraged to use their powers to release assets at less than market value but have often been unwilling to do so. Going through the SLF process may thus be seen as a potential route of both community group and local authority avoiding any significant loss. GCA currently requires that communities ascertain a discount from market value from public bodies before considering making an offer; the SLF 2016-20 should consider doing the same if needed.

Recommendation 6. Monitor applications coming into the SLF to make sure local authorities are not using the SLF to avoid disposing of assets at less than market value. Consider enforcing a set discount if this becomes an issue.

A final danger is that State Aid may resurface in relation to urban areas. Although a shared interpretation of State Aid was reached amongst delivery partners in 2014, urban communities present an increased likelihood of private sector displacement. The lack of a cohesive interpretation of State Aid in SLF 2012-16 was a major problem and a source of frustration to some applicants. To avoid further negative outcomes and disaffection with the SLF, delivery partners should ensure that a shared interpretation of State Aid is reached which does not impede access of urban communities to SLF grants. It is important that this issue is resolved before 2017 when an increase in demand from urban communities is likely to be observed.

Recommendation 7. Ensure that a shared position is agreed on State Aid amongst SLF delivery partners which allows urban applicants equal access to SLF funding. Endeavour to have this in place and understood by delivery partners before 2017.

Section summary

The changes set out for SLF 2016-20 improve upon many aspects of SLF 2012-16. However, the extension of the fund into urban areas is a considerable leap into the unknown which may have significant implications for the cohesiveness of the SLF. If competition for the fund increases, Committee members will need to be clear on how to decide how funding is allocated between an increased diversity of projects with different implications for value for money. One way to broach this is to produce clear guidelines – perhaps in collaboration with the new Committee – against which all projects are to be judged, and ensure these form the basis of decision making in Committee meetings.

There was some disagreement evident amongst delivery partners regarding the different support needs of urban communities, the complications over what defines a community in an urban area, and the different criteria needed for demonstration of community support. The experience of GCA, which has encountered all of these issues, and the views of most interviewees, suggest that all of these difficulties can be overcome.

The extension of the SLF into urban communities also presents three additional dangers in moving forward. Firstly, the lack of a comparable supportive agency such as HIE for the rest of Scotland may have implications for long-term risk management in rest of Scotland communities who lack access to quick, integrated financial support and expertise, and perhaps particularly in urban areas where assets coming into acquisition may be higher in value and in poor condition. Secondly, it is possible that differences in the understanding of State Aid amongst delivery partners, which brought some applications to a standstill in 2014, will surface once again in relation to urban applications. There are also displacement issues that are likely to be more prevalent in urban areas. Thirdly, there are some suggestions that SLF funding may be used by local authorities as a means to avoid making discounts to market value in transferring assets to communities.

It is emphasised however that while some of these issues can be mitigated by a pro-active response, most remain unknowns at this stage. It is not possible at present to predict what competition will be seen amongst SLF 2016-20 applicants, the level of urban demand, or the response of local authorities in making discounts on asset transfers. Considerable attention will need to be paid to these issues, particularly the response of the SLF to the emerging demand profile in the first and second years, and a review is recommended to be conducted at the end of year two into the fit of the SLF for a portfolio of increased diversity.

Recommendation 8: Consider conducting a mid-term review of SLF 2016-20 which looks critically at the effectiveness of the SLF as it responds to increased diversity in its demand profile.

Conclusions

The evaluation has made a number of important findings across all three of its research questions.

How suitable were the conditions and support attached to SLF funding?

Interview participants were all very positive about the design and delivery of the SLF, with particular praise being given to the flexibility of the application process. The applications process was compared favourably to other funds which communities had applied for and attained.

Two areas emerged as significant problems with the design of the SLF. The disparity of pre-acquisition funding between HIE and rest of Scotland communities was highlighted as a significant inequity, mitigated only by rest of Scotland projects tending to be more straightforward in pre-acquisition technical support needs. HIE communities could also expect their relationship with HIE to continue following receipt of SLF funds, with some communities passing into account management with HIE. Communities in the rest of Scotland lack such a single agency which can provide support in the long-term, and the relationship with HIE was terminated following submission of their SLF application. Risk has not been a significant issue for community ownership, with no major failures occurring so far, however the lack of access to an equivalent agency such as HIE means that communities may be vulnerable if difficulties are encountered following asset acquisition.

There was also a significant divergence between the Committee and the main delivery partners in the value attached to revenue funding, with communities themselves siding with the delivery partners in seeing revenue funding as an integral component of the overall funding and essential in achieving SLF outcomes.

How have beneficiaries used SLF funding to bring about sustainable development through community land ownership?

The SLF was crucial to community ownership over the period 2012-16, supporting the acquisition of 83,829 acres across 52 projects and disbursing a total of

£9,833,606. The outcomes of community ownership occurred in a sequential process described in the logic model (presented in Figure 3). In the short term, the main benefit of ownership was the ability to take a long-term and strategic approach to development which was better linked to local concerns and harnessed local assets. This was buoyed in all cases by an increased sense of community energy and momentum released upon ownership, and a greater sense of confidence amongst the community. These immediate outcomes then fed into a set of intermediate outcomes: a better ability to leverage external funding for development, and a greater capacity for strategic planning for sustainable development. Finally, these intermediate outcomes enabled the progression to more tangible long-term outcomes including bringing new revenue streams to the community and lowering grant dependence, increasing the financial viability of community bodies and improving access to finance, and increasing community resilience through enabling pro-active responses to local opportunities.

This sequential process was accelerated most notably by the presence of the development worker in building community capacity and confidence, increasing professionalism and helping to secure funding for development projects. Conversely, short funding cycles and the expiration of funded posts tended to impede communities' progress towards long-term outcomes by redirecting energy towards securing further funding. The lengthy lead-in times observed between receipt of acquisition and development funding also contributed in some cases to delays in the transition between intermediate and long-term outcomes.

What additional challenges might the move of the SLF 2016-20 into urban areas present?

The changes made to SLF 2016-20 respond appropriately to the deficits of the SLF 2012-16. The extension of revenue funding from two to three years in 2016-20 is appropriate to suit the more complex projects across housing, woodlands and estates, which required more significant development work to be carried out before the asset became operational. The provision of pre-acquisition support internally through the SLF of up to £30,000 also rectifies the low value of pre-acquisition support available to rest of Scotland communities. Nevertheless an inequality still remains as HIE communities will still be able to draw on HIE's internal resources in addition to this, and will likely continue to leverage more in the pre-acquisition stages.

The extension of the SLF into urban areas introduces significant uncertainty which makes it difficult to predict what the implications may be for the SLF 2016-20. The new legislative powers outlined under the Community Empowerment Act (Scotland) 2015 provide urban communities with more powers, which may see urban demand increase in the later years of the fund. Urban applications are likely to be high value, and will potentially increase the competition of the SLF in later years. If this is the case, clarity and transparency will be required for how value for money will be considered when judging urban and rural applications against one another. One way to broach this is to produce clear guidelines – perhaps in collaboration with the new Committee – against which all projects are to be judged, and ensure these form the basis of decision making within Committee meetings.

The extension of the fund to urban areas may also present some unanticipated challenges. It is possible that different interpretations between delivery partners of State Aid, which stalled many applications in 2014, will be raised once again in relation to urban areas which carry greater potential for displacement. More effort should be committed to finding a mutually acceptable joint position on State Aid in relation to the SLF 2016-20. There should also be oversight to ensure that SLF funding is not used by local authorities as a means to avoid making discounts to market value in transferring assets to communities.

Recommendations

Recommendation 1. Ensure all delivery partners and Committee members understand the role of revenue funding in achieving SLF outcomes, and appreciate the SLF as an integrated fund for sustainable asset acquisition and limited post-acquisition support costs.

Recommendation 2. Ensure the new SLF Committee members are provided with clear guidance for making awards and understand how to compare the benefits of urban and rural applications.

Recommendation 3. Consider reserving larger development grants for more complex projects for communities unable to access HIE's internal resources, if competition for funding becomes significant.

Recommendation 4. Ensure that SLF 2016-20 applicants can access the full amount of revenue funding regardless of when they apply. Financial arrangements will need to be in place by year two (2017-18) to ensure later applicants are not unfairly disadvantaged.

Recommendation 5. Seek greater integration between the major funding streams for community ownership (e.g. LEADER, GCA and the Rural Housing Fund) to reduce lead-in times between acquisition and development.

Recommendation 6. Monitor applications coming into the SLF to make sure local authorities are not using the SLF to avoid disposing of assets at less than market value. Consider enforcing a set discount if this becomes an issue.

Recommendation 7. Ensure that a shared position is agreed on State Aid amongst SLF delivery partners which allows urban applicants equal access to SLF funding. Endeavour to have this in place and understood by delivery partners before 2017.

Recommendation 8. Consider conducting a mid-term review of SLF 2016-20 which looks critically at the effectiveness of the SLF as it responds to increased diversity in its demand profile.

Annex 1: List of Acronyms

DTAS	Development Trusts Association Scotland
GCA	Growing Community Assets
HIE	Highlands and Islands Enterprise
LEADER	Links Between Activities Developing the Rural Economy ("Liaison Entre Actions de Développement de l'Économie Rurale") LEADER is a grassroots method of delivering support for rural development through implementing Local Development Strategies.
RESAS	Rural and Environment Science and Analytical Services Division of the Scottish Government
SGSSS	Scottish Graduate School of Social Science
SLF / SLF 2012-16	Scottish Land Fund 2012-2016
SLF 2016-20	Scottish Land Fund 2016-2020
SLWG	Short Life Working Group

social research

This document is also available from our website at www.gov.scot.
ISBN: 978-1-78652-348-8

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

Produced for
the Scottish Government
by APS Group Scotland
PPDAS73456 (07/16)
Published by
the Scottish Government,
July 2016

GSR
GOVERNMENT SOCIAL RESEARCH
Social Science in Government

Social Research series
ISSN 2045 6964
ISBN978-1-78652-348-8

Web and Print Publication
www.gov.scot/socialresearch

PPDAS73456 (07/16)