Community Asset Transfer Policy

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Responsible Officer	Investment and Regeneration Manager
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Mole Valley District Council
Community Asset Transfer Policy[1]

1. Definition

1.1 *The voluntary and community sector (VCS) is the collective name for all voluntary and community organisations, including charities, community associations and social enterprises. Voluntary organisations are non-profit driven, non-statutory, autonomous and run by people who do not get paid for running the organisation (although voluntary management committees/trustees may employ paid staff). Such organisations are sometimes also referred to as the Voluntary Community and Faith Sector (VCFS) or Third Sector.*

2. Background

2.1 Mole Valley District Council (MVDC) already has a history of working with local community groups to provide facilities that provide great social and community benefit. This includes youth facilities, sports clubs and social clubs. Many of these have an excellent record of delivering in their existing format. Nevertheless there can be cases where investment is required in the community infrastructure or service provision where this can be better provided by local community groups rather than MVDC.

2.2 Although the big push from the coalition government has been for the promotion of the Big Society and the empowerment of the VCFG the policy environment for asset transfer had been underpinned by the last Government's vision for 'Sustainable Communities', including the establishment of the Asset Transfer Unit at CLG. Its aim is to assist in taking over under-used land and buildings from the public sector and transform them into thriving community spaces.

2.3 Prior to this the Quirk Report highlighted the need for community management and ownership of public assets'. In addition the championing of "localism", through the Coalition Programme for Government and Localism Act 2011, highlights that access to assets is an important component in delivering local aspirations.

2.5 Community Asset Transfer is not a requirement on the Council but a voluntary process. The Council is able to transfer assets at less than market value on the basis that it promotes social economic and environmental well-being. Assets that have a market value of less than £2m can be transferred without specific Secretary of State approval provided the terms of the General Consent (Circular 06/03 Local

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Government Act 1972 general disposal consent England (2003)) are satisfied.

2.6 In practical terms there are a number of issues to address not least support for a number of small community groups that might not be experienced in the management of assets and the need to divert regular funds for property maintenance.

2.7 The Community Right to Bid is a different initiative that shares similar aims in engaging communities in the operation of local facilities. Its central theme is to allow properly constituted groups the ability to seek the registration of a facility as a Community Asset (in either public or private ownership) and allows the group a six month window the finance to raise the money to purchase the asset. The Community Right to Bid is the subject of a separate council policy.

3. Purpose of the Policy

3.1 This policy describes Mole Valley District Council's approach to the VCFS in respect of Asset Transfer and is in accordance with the requirements of the Executive Member for Finance and Assets.

3.2 In order that MVDC can respond to the expectation of local organisations, in the context of Central Government policy and guidance from the Department for Communities and Local Government (CLG), this policy examines the issues and sets out MVDC's response to these issues.

4. Benefits to the Local Community

4.1 It is a tangible response to Government initiatives and devolving power to neighbourhoods in an effort to enable citizen involvement and community action.

4.2 It can contribute towards the regeneration of communities and can act as a catalyst for social, environmental and economic regeneration (including the development of community enterprise).

4.3 Changing interests in property or management offers opportunities to extend the use of a building or the piece of land, increase its value in relation to the number of people benefiting and the range of opportunities it offers.

4.4 It can stimulate the involvement of local people in shaping and regenerating their communities, and can be a catalyst for local volunteering and increasing community cohesion.

4.5 The process of community and voluntary sector asset transfer can build confidence and capacity amongst the individuals involved, can support the creation of community leaders and inspire others to improve their community.

5. Benefits to MVDC and other Public Service Providers

5.1 The activities that are stimulated or safeguarded by community asset transfer are expected to contribute towards the Council's objectives.

5.2 Working in partnership with VCFGs can help MVDC to achieve its outcomes set out in key place shaping strategies, including: the Corporate Plan, Local Development Framework, Local Area Committee terms of reference, etc.

5.3 It can contribute towards efficiency savings (e.g. achieving revenue savings by releasing surplus property that has ongoing cost commitments and limited sale value), and drive the diversification of public services in an era of austerity spending settlements for local government.

5.4 It can contribute to MVDC's objective of rationalising its estate and facilitate more effective and efficient use of its asset base, where the focus is on better services and community outcomes as a result of strategic asset management.

5.5 It can be a stimulus for partnership working between a VCFG, MVDC and other partners and can improve the provision and accountability of services within communities.

5.6 Devolving the control of community assets to the most local level is likely to increase the participation levels of local communities as communities are given a focus and a tangible asset to provide a long term sustainable facility.

6. Benefits to the Voluntary & Community Sector

6.1 It has potential to create stronger, more sustainable VCFG which can create a wide range of benefits for the communities they serve. An asset can provide a VCFG with financial security, recognition, and management capacity.

6.2 It can result in the creation of a new organisations (and potentially Council/VCFG joint ventures) with the ability to lever in additional resources, which would be unavailable to the Council acting independently.

6.3 The transfer of assets to support the work of MVDC in the community is a useful tool to provide community support and create or maintain cohesive community groups that compliment the work of MVDC.

6.4 The aim of the policy is to create a transparent, consistent and fair approach to the transfer of assets and set out an approach that is clear to follow

7. Links to MVDC Plans and Strategies

7.1 The operation of this policy will need to have regard to the desired outcomes in existing plans and strategies. In addition, all proposals for transfer must make a clear contribution to MVDC's priorities and objectives as expressed in the following:

- Corporate Plan
- Local Development Framework
- Corporate Asset Management Plan
- The priorities of the Local Area Committees

8. Context of the Asset Transfer Policy

8.1 The Community Asset Transfer Policy will be underpinned by the following principles:

9. Commitment to a Thriving Civil Society

9.1 In implementing its asset transfer strategy, the Council recognises that, with appropriate support, community led solutions can achieve better outcomes than central initiatives.

9.2 MVDC recognises that asset transfer can play a central role in realising opportunities associated with Localism Act 2011.

9.3 MVDC will use asset transfer as a catalyst to greater community empowerment, to build the capacity of local citizens, and inspire others to create locally responsive solutions to community needs.

9.4 MVDC will use asset transfer as a means of enabling VCFGs to become sustainable on a long-term basis.

9.5 To be successful, community asset transfer requires a long term partnership commitment on the part of the Council and the VCFG and the Council recognises that this is the best way of minimising the risk of failure.

9.6 MVDC recognises the advantage of the transfer of control (with appropriate and proportionate safeguards) will enable the VCFG to adapt and change over time, in response to community needs, and to achieve long term sustainability.

9.7 MVDC will examine the sustainability of transfers and, where appropriate, and support transfers with funding and advice.

10. Strategic Asset Management Intent

10.1 Community asset transfer will become integrated within the MVDC Asset Management Plan.

10.2 Community asset transfer and the creation of Council/Community Joint Ventures will be considered as a mechanism to encourage community ownership.

10.4 Usually the transfer process will be triggered by dialogue with an existing organisation though MVDC will also seek to form partnerships with local communities where there is a local need and empty property or land is available.

11. Support and Communication

11.1 A single point of contact will be provided for VCFGs with asset transfer enquiries and will act as a conduit and a source of information and support.

11.2 MVDC will raise awareness through outreach, support and appropriate publicity, with partners, to clearly set out MVDC's approach to asset transfer.

11.3 VCFGs will not be encouraged to undertake substantial and expensive feasibility or business planning work until an 'in principle' decision has been taken by the Council on whether the asset could be made available for transfer.

11.4 In the event that VCFG is not happy with the process of the Council considering an Community Asset Transfer request and appeal can be made to the Council's Corporate Head of Service for Democratic Services within one calendar month of the decision requesting a review of how the decision was made.

12. Policy Statements on Asset Transfer and the particular circumstances when Transfer is Undertaken:

12.1 In assessing proposals for asset transfer, the Council will consider the relative benefits and risks of the following options in order to justify its decision:

a) Doing nothing.
b) Expenditure on other services made possible as a result of a ‘commercial’ disposal.
c) The transfer of the asset to a VCFG and local communities.
d) A partnership approach with existing partners either in the public or the private sector

12.2 The criteria against which prospective transfers are identified, supported, assessed and taken forward are as follows:

a) Any proposed asset transfer must support the aims, policies and financial position of MVDC and aim to create the widest public value.

b) Assets include both land and buildings.

c) Assets will be declared surplus to requirements (unless the transfer is part of a strategic decision to retain assets as a method of achieving wider corporate or regeneration objectives or through a decision by the Council to transfer to deliver new services centres or hubs through community ownership).

d) VCFGs will need to be incorporated, constituted for social benefit, and wherever possible, within their legal structure, ensure that the asset is retained for community benefit. This would mean the asset reverting to MVDC in the event there is no such body, the asset can not capable of being used safely for the purpose for which it was transferred (e.g. due to disrepair) or the asset is no longer used for the purpose for which it was transferred.

e) The Council considers that long leasehold transfers (25 years+) generally, provide sufficient flexibility and security for capital raising for VCFGs.

f) Should a freehold disposal be agreed, and in the event that the VCFG subsequently decides to sell the asset, MVDC will be due a reducing percentage of an “arms length” sale price (or unrestricted freehold value) based upon a 100 year cycle. That is; the sum due to MVDC will reduce by 1% per annum from a starting figure of 100%.

g) The balance of any sum from a freehold sale (after any sums due to the Council have been paid) will be held in escrow by the Council for up to 5 years and paid to the same or substitute organisation once the Council is satisfied there is a bona fide need for the funds and such funds will provide general community benefit. After this date the sum will be retained by the Council.

h) VCFGs will need to demonstrate community support for their proposals, a robust business plan in support of the transfer and a high level of organisational capacity (relevant to the scale and scope of the asset and enterprise).

i) MVDC will only consider asset transfer where the VCFG has demonstrated the capacity to manage the building appropriately (MVDC recognises that organisations may be able to develop this capacity and will be given the opportunity to do so if commitment and potential can be demonstrated).

j) MVDC will consider investment by the VCFG (or predecessor) in an asset prior to transfer to ensure that the building is fit for purpose (although preference will be given to VCFGs that can access additional external investment).

k) MVDC will provide ongoing organisational support to the VCFG post transfer (subject to resources) and recognises that the partnership extends beyond the point of transfer.

l) When there are a number of interested parties in an asset that has been made available for transfer MVDC will aim to encourage collaboration. However, when this is not possible a competitive process in accordance with this policy and associated documents will be used to decide the outcome and the successful organisation will become the Councils preferred partner in the transfer process.

m) Asset transfers to VCFGs will aim to create the widest public value and will be judged on the following criteria and those contained within Appendix 2:

   i) What community benefits will be realised by the transfer;
   ii) How the interests of local people will be best served, including community involvement and capacity building of community members;
   iii) Building the capacity of VCFGs and encouraging greater organisational sustainability;
   iv) The business plan and financial viability of the VCFGs plans for the premises;
   v) Regeneration – social, environmental, economic (including the development of community enterprise activity);
   vi) Improvements to, safeguarding or creating new local services/activities;
   vii) Supporting Council efficiency gains and co-location of service providers.

13. Other considerations

13.1 The decision to transfer an asset will not be considered as setting a precedent. Each asset transfer will be judged on its own merits and the detail of the transfer arrangements will be arrived at through individual negotiation.

13.2 The process for any asset transfer will be considered by the Portfolio Holder for Finance and Assets, and if appropriate by the Executive and full Council.

13.3 The existing condition of the asset and whether the existing management arrangements have proved successful.

13.4 The financial case for a transfer.

13.5 Significant local benefit from a transfer.

13.6 The strategic importance of the asset to the Council as part of its portfolio.

14. How the transfer value is to be calculated?

14.1.1 This will be the capital value of the interest for the type of asset transferred.

14.2 The transfer value will be based on the existing use of the asset. As such if any future change in use occurs that increases the value of the asset this would give rise to a potential payment to the Council if the agreement is either for a freehold sale or for lease for a period greater than 60 years.

14.3 Levels of discount from the transfer value will be set on a case by case basis based on the nature of the property, a robust assessment of the VCFGs business plan, financial viability and the extent of community benefit to be derived.

15. Procedures for Assessing Asset Transfer Proposals

15.1 Elements of a Business Case:-

The business case made to MVDC by the VCFG is the single most important document to inform the decision about whether to proceed with the transfer. Any business plan presented to the Council at a minimum must contain the following (although VCFGs should feel free to structure the business plan in any way that they see fit):

Business Plan Element	Detail
Summary	Who you are, what you want to do, how you intend to do it, (usually written last)
About your organisation	Track record, current plans, partnerships and people, governance, legal structure
Summary of the project	Project Objectives Proposed programme for delivery Proposed impact/benefits of the project Proposals for management and operation of the asset (staff, volunteers) and the capital construction phase when relevant
Market	Need – what local needs will the project be responding to (who will be the beneficiaries)? How many will benefit within a year (e.g. community groups, local people)? Supply – who else is delivering similar activities in the same area? Is this potential for collaboration or competition and how will you respond to this? Demand – who will purchase the services/products that you provide? Pricing – what is the rationale for pricing (for services, renting space etc)?
Promotion	What is your marketing strategy? What methods will you choose (online, direct to customer etc) and who will you target? Who will do it (in house or external)?
Resources	Financial projections Should include cash flow for first year Should include budget (3-5 years) Should include examination of profit and loss and capital expenditure (if capital is required to redevelop the building sources secured or identified should be stated) Explanatory notes – explaining rational for projections and assumptions made. This should include assumptions about timings and level of commitment for both income and expenditure
Risk assessment/ management/ mitigation	Identification of the different risks associated with the project and a description of the implications of those risks occurring. Risks should be evaluated in two ways – the likelihood that the risk item will occur and the level of impact if the risk item does occur. A description of what the organisations strategy will be to prevent the risk items from occurring, or coping with them if they do, should also be provided

15.2 The organisation will also be expected to submit copies of governing documents, any evidence of external advice provided, expressions of support from partners/customers, copies of accounts (where available).