

Public Document Pack



CABINET

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Bourges/Viersen Room - Town Hall

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SUPPLEMENTARY DOCUMENT

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PETERBOROUGH CITY COUNCIL
Encouraging positive community contribution
COMMUNITY ASSET TRANSFER STRATEGY 2013 – 2017

We are committed to working with community, voluntary, faith groups and local people to implement a successful community asset transfer strategy in Peterborough that will result in successful, vibrant and inclusive community managed assets that are sustainable in the long term.

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1. INTRODUCTION, OUTCOMES, AIMS AND CONTEXT

1.1 Introduction

Community organisations have owned or managed buildings or land for many years. In Peterborough this includes buildings owned and managed by the civil society sector as well as community buildings owned by the council and leased or licensed to local organisations. The council is committed to extending this much further through a proactive work programme on community asset transfer (CAT) over the next 5 years where it brings benefits and added value to communities, whilst contributing to the council's aims and priorities. The key drivers for this approach are the Localism Act which encourages community empowerment and council commitment to protect many locally valued community based facilities through community asset transfer.

1.2 Outcomes

The council wants to achieve the following outcomes through a proactive community asset transfer programme:

- Community empowerment and benefits to the wider local community
- Capacity building through the use of local skills, experience, knowledge and time
- Retaining valued local provision, thus improving local services in times of austerity, while contributing to savings
- Delivering local services that address local needs through community led and community controlled assets
- Extending the use of a building or land
- Value for money and the ability to draw in other sources of funding not available to the council
- Social enterprise and social well being, including community cohesion
- Financial viability, long term sustainability and external investment
- Delivery of council objectives through other partners
- A stimulus to partnership working

1.3 Aims

The council recognises that the increasing emphasis on localism means that it is even more important to work closely in partnership with the civil society sector to help us achieve the outcomes of delivering quality services, tackling poverty, protecting vulnerable people and encouraging growth and sustainability. Our aims are to:

- Encourage and support the retention of local facilities which are used for a variety of social, community and public purposes without the use of council funds in the future – on the basis that we are satisfied that the business case for such a transfer is financially viable and sustainable in the long term
- Increase the effectiveness and efficiency of council owned community assets through local management
- Maintain local public facilities through community management
- Explore innovative ways of enhancing existing community facilities, for example by transferring multiple assets to one provider who can then deliver benefits linked to economies of scale

- Support the development of social enterprises that clearly demonstrate the returns to the local community

1.4 National Context

- From the 1970s there have been community economic development initiatives that were based on using assets as a way of meeting social and economic objectives – this included community centres, community gardens and city farms.
- Asset transfer is increasingly seen as a means of achieving a range of key objectives from promoting civic renewal, community cohesion, active citizenship and improving local public services to tackling poverty and promoting economic regeneration. In 2007 the Quirk Review ('Making Assets Work: The Quirk Review of community management and ownership of public assets') signalled the transfer of public assets to community based organisations as a mainstream activity. The council has, over time, transferred assets to community organisations but to date this has not been within an overall policy framework. Key elements of the Localism Act relating to the 'Community Right to Bid' and the 'Right to Challenge' are intrinsically linked to the intentions and principles of this strategy.

1.5 Local Context

- The council sees community asset transfer as a positive opportunity to encourage and strengthen long term partnerships with the civil society sector that will contribute towards enhancing communities and their involvement in Peterborough. All successful transfers will be the beginning of long term relationships between the council and the successful civil society sector.
- The council has developed its strategic approach to asset management which includes community used buildings in localities. Community asset transfer offers a way of reconciling the consolidation of assets belonging to the council with a genuine community empowerment approach that seeks to build the capacity of local groups
- The council believes that through such asset transfer, local groups will be able to gain access to and secure other sources of additional investment

1.6 Rationalisation

- The council is required to limit its financial liabilities around assets.

2. WHAT IS COMMUNITY ASSET TRANSFER (CAT)?

- The council owns and manages a wide variety of property assets including land and buildings. For the purpose of this strategy, the council defines a Community Asset as a building in the freehold ownership of the council that has a community use and from which a community based activity or service is delivered. Asset transfer means moving the responsibility for management and running of assets from the council to a civil society sector organisation. This also has the potential of

achieving a range of key objectives from promoting civic renewal, community cohesion, active citizenship and improving local public services to tackling poverty and promoting economic regeneration.

- The Peterborough CAT relates primarily to long leasehold arrangements with organisations from the civil society sector and covers buildings owned by Peterborough City Council. The terms of transfer to an organisation will be negotiated on a case by case basis. This strategy applies to council owned assets where community based services and activities are offered for the benefit of local residents (e.g. community centres, youth centres and children's/play facilities). The council will not consider applications for transfer with respect to schools (with the exception of free schools), social care establishments, sheltered accommodation and other properties from which council run services are delivered that are not deemed by the council as suitable for transfer. The council will not transfer properties to be used solely for religious activities. The council also retains the right not to transfer assets that have been identified as having potential significant capital receipt.
- The council recognises that in some cases, buildings that are available for CAT may not be vacant and a transfer may take place with a sitting tenant. In such situations details will be discussed on an asset by asset basis in liaison with the existing tenants, relevant council departments and other stakeholders (where applicable). Furthermore organisations interested in transferring the freehold of a property will be assessed by an alternative process on a case by case basis.

3. COMMUNITY ASSET TRANSFER STRATEGY

Our policy is based on our commitment to community empowerment and supports the development and sustainability of a thriving community and voluntary sector. This strategy sets out the principles and process we will use to manage applications for the transfer of community based buildings to an organisation from the civil society sector, in a way that also complies with the council's Corporate Property Strategy, Asset Management Plan and other relevant council policies. The Community Asset Transfer strategy is accompanied by a toolkit, which signposts to a range of accessible and practical resources that will enable applicants to make a suitable application.

This policy will take into account relevant legislation that relates to the transfer of buildings at less than market value, provided the transfer is likely to contribute to the "promotion or improvement" of the economic, social or environmental well-being of the area, and the difference between market value and actual price paid is less than £2 million (If the difference is more than £2million then the request will require ministerial approval). The council's disposals policy reflects this legislation and all transfers will ultimately be considered by Cabinet.

We recognise that community asset transfer comes with risks and liabilities to both the council as well as the civil society sector. Therefore the process must include a robust framework to assess and manage risks so that all parties can make

informed decisions. We want to have a transparent framework to enable the transfer of assets and our policy is based on the following principles:

- Strategic approach, supported by a small team to oversee the programme
- Transparency in process, timescales and decision making (Appendix 1)
- Partnership with organisations from the civil society sector and encouragement of collaboration between groups
- Inclusivity of provision so that the assets remain genuinely open and accessible to all sections of the community irrespective of their faith, culture, gender, sexuality or religion
- Decisions will be based on clear proposals, robust business plans and sound, evidence based rationale for the transfer of assets – each proposal will be based on individual merits
- Any proposed transfer of asset must promote social, economic or environmental well being and support the aims and priorities of the council
- Asset transfer will be in exchange for the agreement by the civil society sector based organisation to deliver agreed benefits to local people
- Proactive consideration will be given for the co-location of services supported by dual use agreements
- Transfer decisions will not be made on a ‘first come first served’ basis but on a ‘best fit’ basis
- An ‘asset lock’ will be included in the terms of a transfer to ensure that the building remains for community benefit and use.
- Agreement of disposals by negotiation will mean that there will be no need to invoke the extensive procedures in the “Community Right to Bid” legislation
- Disposals at less than best consideration will follow relevant legislation, Government guidance and the Royal Institute of Chartered Surveyors (RICS) document “Local Authority Asset Management Best Practice” and state the best consideration that would otherwise have been received

4. COMMUNITY ASSET TRANSFER CRITERIA

In the interest of supporting a vibrant local civil society sector, the council will consider and prioritise the transfer of assets to local organisations. Therefore, it is unlikely that the council will prioritise transfer of assets to organisations whose remit is regional or nationwide. The prioritisations will be based on a geographical analysis of the community based properties within an area and the needs of that area. The transfer of assets may be to either long established, stable and secure formal organisations or newly formed community based groups provided they can demonstrate they have the necessary expertise and experience to manage the asset.

The council will consider transferring assets in the following circumstances:

- They must be in the ownership of the council
- They are currently delivering community based services where there is a demonstrable need for the asset and associated services to continue
- They are assets that the council has identified in savings proposals, or as potentially surplus or where there is no clear rationale for the retention to continue due to cost of maintenance, condition of the building or low levels of usage

The council will not consider applications for transfer in the following circumstances:

- Assets which accommodate fixed or core services (e.g. schools, social care establishments, sheltered accommodation etc - this is not an exhaustive list)
- Assets which have been identified as having a potential significant capital receipt, or where a significant amount of revenue income would be lost
- Assets which have been identified as being required for strategic, planning or redevelopment/regeneration reasons
- Transfers to individuals or businesses to be used **purely** as a vehicle for commercial ventures
- Transfers to individuals
- Where transfers contravene State Aid or procurement rules
- Assets which may be used solely for religious or political purposes/activities.

The criteria is strict; this is to ensure that any successful transfer is sustainable, will be of benefit to local communities as well as the civil society sector organisation and will instil long term reassurance for the community which it serves.

The final decision on any transfer will be reached in line with the council's constitutional approvals process by delegated officers unless the value of the asset exceeds £500,000.00. In these instances a Cabinet Members Decision Notice (CMDN) will be required.

4.1 Who can apply?

Civil society Sector organisations who can demonstrate that they:

- Are an incorporated body working to charitable objectives with strong and open governance arrangements
- There are no restrictions in the Memorandum and Articles of Association limiting the body from undertaking asset management responsibilities
- Have a track record of strong financial and performance management and accountable processes

- Are non profit making and exist for community/ social/ environmental/ economic benefit, whilst recognising that they may have a business element to how they operate, such as a community café. However, this type of business and financial gain will not be the main driver and it will not distribute any financial surplus to owners or members but apply it to serving its core community aims and objectives
- Are open to and demonstrate an inclusive approach to members of the wider community

4.2 Criteria

Any application received will be assessed through a staged process, starting with an expression of interest. Following assessment of this, organisations will be invited to submit a detailed application. (More information is provided in the Asset Transfer Toolkit, available on the council's website and appendix 2). Applicants must demonstrate how they meet the following criteria:

- Clear benefits to the council, its aims and priorities, the community based group and the wider community to justify the subsidised transfer
- Demonstrate that it will continue to be used to support local community based services and activities
- Demonstrate strong and robust governance arrangements (including how local people will be involved in decision making in relation to the building and its use) and must meet, or be prepared to meet within two years, 'pre-Visible Standard'¹. (As there are various Governance and Risk Management models if your organisation is accredited by/working towards another programme then this must be made clear within the initial expression of interest)
- Evidence of a track record in delivering services and/or managing property (if a new group evidence of this track record linked to management committee members and/or staff)
- Have in place a robust and sustainable business plan, for a 5 year period (3 years in detail, 2 in outline) or show the willingness to create an acceptable plan within a specified time frame before the building is transferred. This business plan will need to:
 - Demonstrate a realistic approach to managing and running the facility
 - Identify sources of finance that asset transfer will release or attract, future investment in and maintenance of the asset
 - Include a needs and equality impact assessment

¹ VISIBLE Communities™ is the quality systems and standards for the charity and community sector. Developed by Community Matters in consultation with its members and other core stakeholders, VISIBLE Communities™ is a unique approach to promoting quality and best practice in the charity and community sector

- Describe the planned outcomes and social, economic and environmental benefits to result from the asset transfer and how these will be measured and reported back to the council
- Identify liabilities and how these will be addressed
- Provide evidence of the capability and skills within the community based group to manage, repair and maintain, insure and sustain the asset transfer (and/or any capacity/skills building requirements), including a capacity building plan and how this will be delivered
- Outline how much space is required and its potential usage, how services and activities will be 'joined up' with those of other organisations to maximise the efficient use of the asset by providing new and innovative services, which may be linked to current council provision
- Provide evidence of compliance with legislation and regulatory controls such as equality legislation, child and vulnerable adult protection, health and safety, employment and plans for regular monitoring and evaluation
- Include a consultation strategy which clearly demonstrates community engagement techniques to be utilised to evidence the needs of the local community

A business plan checklist is available as part of the council's Asset Transfer Toolkit, together with links to local and national organisations who will be able to support and assist with planning and implementation.

4.3 Risk Management

It is accepted that there are a number of risks which may arise from asset transfer. The proposals must show that the group has considered the key risks and how they will be managed, including:

- Potential for a negative impact on community cohesion
- Potential loss of existing community services or facilities
- Capacity of recipient to deliver promised services/outcomes
- Control of asset by unrepresentative minority
- Conflict with other legal, regulatory constraints
- Potential for ongoing council liability
- Financial sustainability
- Lack of value for money
- Conflict with other funders
- Potential unfair advantage for one group over another

Risks will be discussed and allocated to the organisation(s) best equipped to manage them. Delivery terms and risks will be proportionate to the nature and value of the transfer.

4.4 Basis for the Asset Transfer

- Long term lease
- The organisation will be responsible for upkeep, running costs, repairs and maintenance, compliance with statutory inspections, health and safety regulations and other legislation
- The asset will revert back to the council in cases of bankruptcy, corruption, non payment of rent, non performance, a breach of the agreement and if the organisation wants to return the asset – in these cases, the council will reserve its right to dispose of the asset in the open market.
- The organisation cannot transfer the asset on to a third party

6. COMMUNITY ASSET TRANSFER PROCESS

Any community asset transfer (CAT) process works best when all parties are open, flexible and accessible. The process itself is about being of mutual benefit to all parties involved and the main aim is to achieve a joint investment in a goal that is shared. If there is any part of the process which the applying organisation doesn't understand, then seeking clarity at an early stage is encouraged.

The process may be initiated in two ways:

- By the council identifying assets as being appropriate to transfer, in which case the council will invite civil society sector organisations to submit proposals. This will be based on a proper review of assets in line with the PCC Asset Management Plan and an agreement that they are suitable for transfer.
- By a civil society sector organisation approaching the council with a proposal, in which case the council will assess the initial request to determine whether the asset is suitable for transfer. Should the asset be deemed suitable to transfer, it will be promoted as being so in order to ensure an open and transparent process.

Appendix 2: Community Asset Transfer Managing Risks Toolkit

Content list:

- FAQ
- Guidance for submitting an Expression of Interest
- Scoring & criteria for assessment (Due diligence)
- Expectations document
- Heads of Terms
- Management Agreement
- Asset information Pack
- Provision for community group Health Check and Asset Management Training
- Asset information pack:
 - Sample Full Repairing Lease Terms
 - Condition Survey & Asbestos Report
 - Site, Service & Floor Plans
 - Energy Performance Certificate (EPC)
 - Utility Providers and average costs
 - Valuation for insurance purposes
 - Levels of security
 - Cleaning and other existing contractual obligations
 - Procedures for statutory testing
 - Information on rates
 - Inventory

Note that an individual commissioning brief will be available for each centre when the community asset transfer process is triggered

Appendix 1: Key Stages in the Community Asset Transfer Process

