



Let's Share: Community Asset Transfer Strategy

Updated 2023



Stockton-on-Tees
BOROUGH COUNCIL

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What we mean by Community Asset Transfer

The term 'community asset transfer' relates primarily to long-leasehold (from 25 to 99 years) or freehold arrangements to voluntary or community organisations and covers land and buildings. The Strategy does not apply to other public bodies (eg. Town and Parish Councils).

Why have a Community Asset Transfer Policy?

Up to 2010 much of the policy environment for asset transfer had been underpinned by the last Government's vision for 'Sustainable Communities' and empowerment. There continues to be a number of key strategies in place in Stockton-on-Tees to support this:

- Communities Strategy 2020-23;
- Local Plan;
- Local Area Agreement;
- Regional and national strategies on efficiency, empowerment, regeneration, etc.;
- 'People Power' - A volunteering strategy for Stockton-on-Tees 2021-26;
- A Fairer Stockton-on-Tees - strategic framework for tackling inequalities 2021-2031.

Amongst the most important policy documents was the 2007 publication 'Making Assets Work: The Quirk Review of community management and ownership of public assets'. Having considered the opportunities, risks and multiple benefits, the Quirk review concluded strongly in favour of local ownership and management of public assets, a position which was subsequently supported by the previous Government through a number of new initiatives, including the establishment of the Asset Transfer Unit. Whilst the Quirk review remains a legitimate touchstone for the agenda, the current operating context has changed dramatically. Reconciling a very challenging spending settlement for the Council with the Government's approach to localism means that the Council will increasingly need to consider asset transfer as an enabler to achieving its forthcoming corporate aims. Key elements within the Localism Bill relating to 'Right to Buy' and 'Right to Challenge' are intrinsically linked to the intentions and principles outlined in this community asset transfer policy.



Why have a Community Asset Transfer Policy?

- It can contribute towards the regeneration of communities and can act as a catalyst for social, environmental and economic regeneration.
- Changing ownership or management offers opportunities to extend the use of a building or the piece of land, increasing its value in relation to the number of people benefiting and the range of opportunities it offers.
- 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.
- It can build confidence and capacity amongst the individuals involved, and can support the creation of community leaders, and inspire others to improve their community.
- It has potential to create stronger, more sustainable VCS organisations, which can create a wide range of benefits for the communities they serve. An asset can provide VCS organisations with financial security, recognition, and management capacity.
- It can result in the creation of new organisations, joint ventures or collaborations with the ability to lever in additional resources, which would be unavailable to the Council acting independently.
- The activities that are stimulated or safeguarded by community asset transfer will contribute to Council objectives. Working in partnership with VCOs can help the Council to achieve its outcomes set out in key place shaping strategies.
- It can contribute towards efficiency savings (e.g. achieving revenue savings by releasing surplus property), and drive the diversification of public services in an era of austerity spending settlements for local government.
- It can contribute to the Council's objective to rationalise 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.
- It can be a stimulus for partnership working between VCOs, the Council and other partners and can improve the provision and accountability of services within communities.

Aims and Principles of the Policy

We are committed to supporting the development and sustainability of a thriving voluntary and community sector across the borough. This policy is part of a wider package of support to the voluntary and community sector and aims to provide a transparent framework to enable the transfer of assets.

The policy is underpinned by the following principles:

- We will work with community and voluntary organisations to achieve asset transfers where appropriate that will enhance community engagement and empowerment and encourage development and sustainability of the sector.
- We will take a strategic approach to community asset transfer and identify assets to be transferred through regular reviews of the Council's asset base.
- We will have a transparent process for responding to requests for individual asset transfers.
- We will seek to implement the policy proactively to promote asset transfer to the voluntary and community sector.
- Any proposed asset transfer must be for the benefit of the community, support or enhance the current services provided and demonstrate a clear contribution to the priorities within the Sustainable Community Strategy and/or the Council Plan.
- There must be a clear proposal, business case and rationale for transfer, which could include opportunities for new and innovative ways of supporting the Council providing services to the community.
- We recognise the advantage of long and flexible terms of tenure (with appropriate and proportionate safeguards) to enable voluntary and community sector organisations to adapt and change over time, in response to community needs, and to achieve long term sustainability.
- We will seek to extend our approach to community asset transfer and positively encourage other public bodies to consider the approach.
- We will have a clear process and timescale for dealing with asset transfers.
- 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.

Asset Transfer Criteria

The assets must be in the ownership of the Council (freehold and long leasehold). The final decision on any transfer will be taken by the Council's Cabinet in line with the constitution of the Council. Applications will be considered against the following framework and this will inform the decision.

The Council will consider asset transfer solutions through proactively working with the Voluntary and Community Sector, or consider applications in respect of:

- Assets currently delivering community-based services, where there is a demonstrable need for the asset and associated services to continue. For these assets there may be mutual benefit to explore transfer. The Council would, however, place a condition that the organisation taking ownership of the asset does so for community use and continue to provide access to community and voluntary groups currently using the premises.
- Assets which have been identified by the Council as potentially surplus or where there is no clear rationale for retention due to:
 1. Cost to maintain
 2. Condition
 3. Low levels of participation or utilisation
 4. Potential to use nearby facilities to provide services

On these occasions, the Council will consider applications for transfer, alongside opportunities for disposal. Again, the application would need to demonstrate proposed use of the asset and community support.

For any transfer, the Council would require a proposal outlining the business case, covering financial viability, proposed utilisation, benefits to the organisation and community and evidence of wider community consultation and support. The decision on transfer will be made by the Council's Cabinet in all cases.

The Council **will not consider** applications for transfer in respect of:

- Assets which accommodate fixed or core services (e.g. schools, social care establishments, customer contact centres).
- Assets which have been identified as having a potential significant capital receipt and where the Council is looking at disposal or when they are required by the Council. Where an asset is identified for disposal, voluntary and community sector organisations could submit bids during the process.

Basis for Asset Transfer

Asset transfers will generally be by means of a long-term lease (between 25 and 99 years), the terms of which will be agreed at the time of each individual transfer. Freehold transfer will only be considered in exceptional circumstances.

The organisation taking ownership will be responsible for:

- Upkeep, repair and maintenance of the asset;
- All running costs, including insurance;
- Compliance with statutory inspections and health and safety requirements and the Council's Safeguarding Policies.

In all cases involving transfer of ownership/occupation appropriate legal mechanisms will be put in place to protect the financial position of the Council, such as restrictions on use and break clauses. For example, in the case of a long term lease we will write into such leases an appropriate clause (forfeiture or break clause) under which the asset would revert back to the Council, such as:

- In the case of bankruptcy/insolvency;
- In the case of corruption; In case of none payment of rent (if applicable);
- In the case of none performance of other terms such as serious repairs and maintenance (if applicable);
- If the transfer agreement is breached;
- If the organisation wishes to develop and move into bigger premises.



Who we will consider transferring Assets to?

We will consider asset transfer to any Voluntary or Community Sector organisations providing they meet the criteria outlined below. A key consideration however will be the sustainability of the organisation and its capacity to manage and develop the asset. The organisation must:

- Be a voluntary and community sector organisation which is a legal entity, or a legally constituted consortia agreement;
- Be appropriately constituted (e.g. a registered charity, community interest company or charitable incorporated organisation, a not for profit company);
- Have a strong financial background and/or a demonstrable financial plan moving forward.(The Council will wish to review copies of audited accounts and forward projections where appropriate);
- Exist for community/social/environmental/economic benefit;
- Be non-profit distributing – it must reinvest any surpluses to further its social aims/community benefits;
- Have stated community benefit objectives;
- Demonstrate strong governance by operating through open and accountable co-operative processes, with strong monitoring evaluation, performance and financial management systems; or where this is a newly constituted organisation demonstrating a robust governance framework;
- Demonstrate it has the skills and capacity within, or available to, its managing body to effectively deliver services and manage the asset;
- Have a management proposal which includes a specific plan on health and safety issues and compliance with legislation and any statutory requirements arising from transfer of the asset;
- Have a clear purpose and understanding of the activities it wishes to deliver and demonstrate how the asset transfer will enable and support these activities

What the Asset should be used for?

The Council would expect each proposal to outline the current and proposed use of the building and how the asset transfer would enable and enhance the activities within the community.

We would expect that the proposals:

- Demonstrate that the asset will continue to support community and voluntary activities within the area and protect the use of the facility by other voluntary organisations;
- Outline the future opportunities for enhancing the use of the asset as a community facility that transfer would bring;
- Identify opportunities for using the assets to develop and provide new and innovative services, which may be linked to current Council service provision.

Asset Transfer Process

The process of asset transfer may be initiated in two ways::

- By the Council identifying an asset as appropriate to transfer either to sustain the current building and service delivery, or where a building has been deemed surplus
- A request from a voluntary or community sector organisation.

In the case of the latter, the Council will assess the initial request to determine whether the asset is suitable for transfer, as outlined on page 6. Thereafter, a similar process will be followed which is outlined below and also in the diagram presented on page 10.

Any proposal to transfer an asset, which is currently subject to a lease arrangement with the Council, would need the agreement of the current leaseholders. When there are a number of interested parties in an asset the Council will aim to encourage collaboration.

Advertising

There will be an advert to the local Voluntary and Community Sector and on the Council's website to ensure that all organisations have the opportunity to express an interest in acquisition. The marketing period will be appropriate to the asset and would be anticipated to be a minimum of 3 months. During the marketing period, expressions of interest and business cases will need to be developed by all interested parties.

When there are existing lease arrangements in place advertising of the asset would not always be appropriate.



Submission of Full Proposal and Business Case

Fundamental to the success of any transfer is the applicant(s) demonstrating to Stockton-on-Tees Borough Council that they have a clear rationale backed by a robust business case of their ability to manage the asset effectively. This needs to include an assessment of the financial and organisational capacity of the organisation.

Voluntary and Community Sector organisations applying for consideration to be given to asset transfer, will be required to submit a formal application which, depending on the scope and scale of the asset concerned will include some or all of the following:

- Organisational details – covering the criteria outlined on page 7
- Purpose of the transfer
- Benefits statement – benefits to the Council, the organisation, the wider community (and the sector as a whole)
- Business case – including sustainability of the building, potential to generate additional income etc.

As a minimum the business case will need to clearly identify:

- At least 2 years revenue or capital funding plans and projections of managing and operating the asset;
- How it will invest in and maintain the asset including a specific plan as to how all health and safety, and safeguarding responsibilities will be met;
- The planned outcomes and benefits to result from the asset transfer;
- Demonstrate a community governance structure with capability to sustain asset transfer and has the identified necessary capacity building requirements within their organisation;
- Any sources of finance asset transfer will release or attract;
- Track record of delivering services and or managing property;
- Financial sustainability and forward planning;
- Risk assessment and mitigation plan; and insurance arrangements
- Evidence of robust consultation on the proposals, which needs to include
 - users of the asset
 - the wider local community
 - any organisation involved in the management of the asset
 - Ward Councillors
- Indicate changing policies and impact on current users.

Key Stages and Indicative Timescales

In considering the potential for asset transfer the Council will follow the process set out in the diagram below.

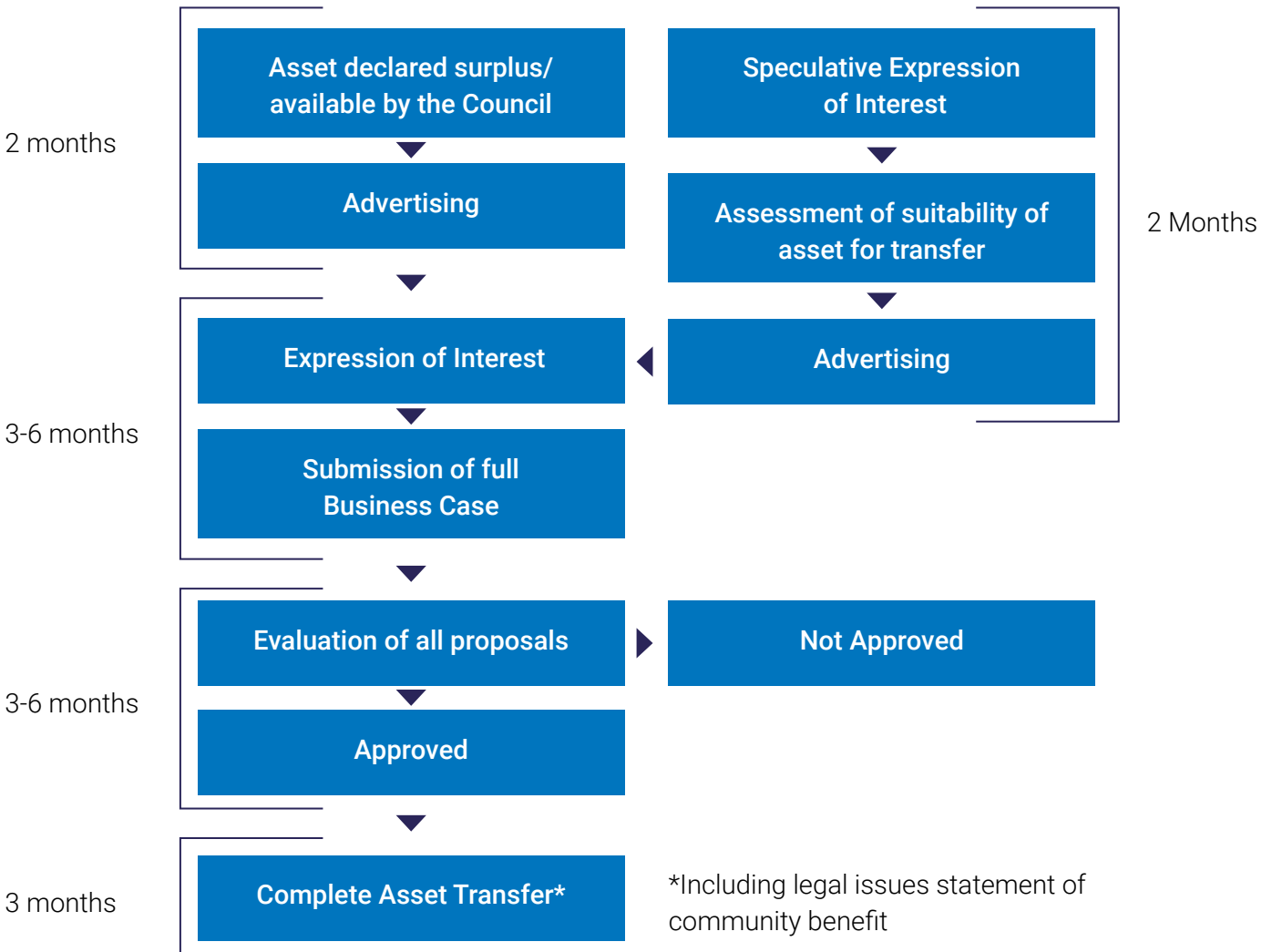
Following a review of the Council's assets Cabinet will agree on which community assets are suitable for transfer and these will be advertised and local Voluntary and Community Sector organisations will be made aware. Expressions of interest and business cases will be required to inform decisions on transfer.

Speculative transfer requests will be subject to an initial assessment of the suitability of the asset for transfer. Should the asset be deemed suitable it will be advertised as being so to ensure an open and transparent process. Interested parties will be directed towards completing an initial Expression of Interest (EOI) providing details about the organisation, identifying the building proposed to be transferred, identifying the organisation's plans for the building and identifying any local support for the proposal (amongst local members and the local community).

Where there are current lease arrangements in place, the transfer process will need to consider the terms of this lease and this may mean that advertising for some buildings will not be necessary.

Submitted business cases will be evaluated against the criteria and principles set out in this document with the Council's Cabinet taking final decisions, in line with the Council's Constitution.

A transfer agreement will be required and transfer recipients will be expected to produce a statement of community benefit on a 6 monthly or annual basis (although these will not constitute a Service Level Agreement).



Key Contacts

For a discussion about Community Asset Transfer please contact the **Place Development Team** by emailing placedevelopment@stockton.gov.uk.

This document forms part of a suite of strategies aimed at enhancing community engagement and supporting the development of a vibrant and sustainable voluntary and community sector. The range of documents and support can be found at www.stockton.gov.uk/mycommunity.