



Community Asset Transfer Policy

Community Asset Transfer Policy

Part 1 Background and General Principles

- 1 National Policy Context
- 2 Aims of Community Transfer
- 3 What is Asset Transfer?
- 4 Why do we need a Policy?
- 5 The power to transfer
- 6 Benefits of Asset Transfer
- 7 What are the risks of asset transfer to the community?

Part 2 Community Asset Transfer Policy

- 1 What Principles do we adhere to?
- 2 What assets are available for transfer?
- 3 What assets are not available for transfer?
- 4 On what basis will be transfer an asset?
- 5 Which groups are eligible for asset transfer?
- 6 What proposed uses are acceptable?
- 7 How will we assess an asset transfer proposal?
- 8 What is the Asset Transfer Process?

Part 3 Appendices

- | | |
|------------|--|
| Appendix 1 | Types of Tenure in Asset Transfer |
| Appendix 2 | Risks and Potential Solutions |
| Appendix 3 | Community Asset Transfer Evaluation Tool |
| Appendix 4 | Expression of Interest Form |

1. National Policy Context

- 1.1 The Government's approach to sustainable communities is to help people and local organisations create attractive and economically thriving communities and neighbourhoods. The Government is seeking to create an environment to encourage more community management of assets and Councils will need to create mechanisms by which to facilitate this.
- 1.2 Through Government initiatives, the ownership and management of land and assets by community organisations is increasingly seen as a means to achieve a range of key objectives, from promoting civil renewal, active citizenship and improving local public services to tackling poverty and promoting economic regeneration – through developing social enterprise and supporting the growth of community anchor organisations.

2. Aims of Community Asset Transfer

- 2.1 The Government's Community Assets programme aims to empower local citizens and communities by encouraging the transfer of underused local authority assets to local voluntary and community organisations.
- 2.2 The assets of Redcar and Cleveland Borough Council ("the Council") include land, buildings and other structures used for a variety of social, community and public purposes. Public assets are rarely used by everyone; their "value" being locked-in to a particular use or a particular group of people. Changing ownership or management offers opportunities to extend the use of a building or a piece of land, increasing its value in relation to the numbers of people that benefit and the range of opportunities it offers.
- 2.3 This Policy promotes the transfer of Council assets for the widest public value that can be achieved. It is clear from the findings of "The Quirk Review of community management and ownership of public assets" that there are clear benefits to local groups owning or managing assets:

3. What is Asset Transfer?

- 3.1 Asset transfer relates to local communities' ability to acquire land and buildings either at market value or at a discount in order to deliver services that meet local needs, and is seen as one way in which local authorities can support the development of social economy organisations and thereby meet their wider strategies for renewal and improved delivery of services at local level. In Redcar and Cleveland this needs to be seen against the background of the Asset Management Plan ("Our Property") and in particular the high level of backlog repairs and maintenance, estimated at c £40m (of which £28m is for schools).
- 3.2 Although asset transfer is often perceived as the choice between transfer to a social economy organisation or the sale of the asset by the Council to raise capital, the

choice is in fact between the capital expenditure in other services made possible as a result of the sale and the services that would be provided by the community.

3.3 Asset transfer can be considered in four main ways:-

- (1) Concessions – transfers at less than best market value of surplus property where there are limited future opportunities, mainly in areas where the financial sustainability of the organisation taking on responsibility for the asset will be difficult;
- (2) Procurement with concession – transfers at less than best market value of non surplus property as part of a partnering arrangement where there is a benefit that is considered justification for the concession;
- (3) Sale – transfers of surplus property at market value including the possibility that, at the same price, one purchaser may provide opportunities for gaining greater social value although there may be more risk; and
- (4) Procurement – transfers of non-surplus property at market value as part of the delivery of Council services by a third party.

All of these will be possible where the organisation taking on the asset can attract sources of finance that are not available to the Council.

4. Why do we need a Policy?

- 4.1 In terms of our existing approach, many asset transfers have occurred over the years during which time policies have changed and this means that the asset transfers have been dealt with on a case by case basis.
- 4.2 The most common form of asset transfer has been the granting of a long lease (21 years plus) of land or buildings to enable an organisation to carry out community activities. The form of lease is usually an FRI lease (Fully Repairing and Insuring) which puts all of the responsibility onto the organisation for the care and repair of the asset. As a concession, the rent is usually set at a peppercorn and this normally represents a “disposal at less than best value” for which specific additional dispensation and approval applies. Appendix 1 identifies the most common types of tenure in asset transfer and the associated advantages and disadvantages.
- 4.3 This policy therefore sets out a pro-active approach to Community Asset Transfer by which any community organisation wishing to acquire an asset can follow and understand and work through to ensure that the asset transfer best fits with the communities requirements and our requirements.
- 4.4 This policy will apply to any new applications for transfer of assets but will also apply to any renewals or renegotiation of terms of existing leases for community uses, ie existing community centres.

5. The power to transfer

- 5.1 The legal context for asset transfer is contained under Section 2 of the Local Government Act 2000, whereby every local authority has the power to undertake actions it considers are likely to achieve the economic, social or environmental well-being of the area. The specific provision for asset transfer is provided under the

Local Government Act 1972, as amended by the General Disposal Consent (England) 2003.

6. Benefits of Asset Transfer

- 6.1 The RICS Local Authority Asset Management Best Practice guide “Sustainable Communities and Asset Management” 2009 identifies that the transfer of local authority assets to the local community can assist with the creation and maintenance of sustainable communities in the following sectors:-
- Effective and inclusive participation and leadership;
 - Cohesive, vibrant, harmonious and inclusive communities;
 - Housing and the built environment
 - Flourishing and diverse economy;
 - Environmentally friendly places; and
 - A full range of public, private, community and voluntary services.
- 6.2 Community empowerment
Owning an asset can give individuals and communities greater confidence to plan for their future, raise aspiration, renew morale, improve social cohesion and enhance the local environment through physical regeneration of land and property. Community ownership can be an effective way for us to achieve our goals and help communities solve their own problems.
- 6.3 Building the capacity of the third sector and encouraging a sustainable third-sector
Our work with local public sector partners will be further enhanced by jointly planning and managing the community and voluntary use of our underused assets. Through support and assistance from the Council and other agencies risks can be minimised and managed effectively and with their own asset base, Third Sector organisations shall be able to improve their ability to perform in an independent, effective and sustainable manner for the long term benefit of Redcar and Cleveland’s local communities.
- 6.4 Economic development, social enterprise and area-wide benefits.
There can be significant indirect and direct benefits for the community in which a transferred Council asset is situated; wealth creation activities that create jobs for local people and the revaluing through new use of existing facility can have a powerful multiplier effect. It can restore the viability of local businesses, restore land values and attract new investment. The relationship between active community involvement and economic development can be realised; community and voluntary groups shall have access to funding not available to the Council and the transferred asset can be a source of income and surpluses that will support community activities and reduce grant dependence.
- 6.5 Improvements to local services and Value for Money
Government is clear that either the Third Sector is placed at the centre of service provision or users of critical services could be the ones to suffer. Those assets transferred by the Council shall provide important bases for the delivery of neighbourhood service provision which is closely related to local needs and more accessible to local people. Community and voluntary utilisation of our underused

assets shall contribute to the billions of pounds of gross domestic product generated nationally by the Third Sector.

7. What are the risks of asset transfer to the community?

- 7.1 Asset transfer can strengthen the organisations community ties and its ability to raise money. As the main focus is likely to be a community based initiative or sustaining economic regeneration, there may be access to funding to refurbish the building or to support staff training and development.
 - 7.2 However, not all buildings or land are suitable for transfer, and some may be a drain on resources and generate too little income. Any one running a public building has to be confident that they can meet a raft of regulations covering public health and safety (such as legionella and asbestos) and disabled access requirements.
 - 7.3 Appendix 2 highlights the areas of risk and proposes a number of mechanisms to manage them.
-

1 What principles will we adhere to?

The aims of our approach to Community Asset Transfer is to derive the widest public value that can be achieved in relation to, for example:

- Community empowerment;
- Area-wide benefits;
- Building the capacity of the Third Sector and encouraging a sustainable Third-Sector;
- Economic development and social enterprise;
- Improvements to local services;
- Value for money;
- Benefits to the local community, Council and other public service providers and the Organisation taking ownership.

This Policy is underpinned by the following principles:-

- The fundamental aspiration of the policy is community empowerment achieved through community led asset transfer.
- We view our policy on community asset transfer as part of a long-term programme of support to, and partnership with, the Third Sector.
- We will take a strategic approach to asset transfer through regular reviews of the community transfer potential of its assets, and the establishment of priorities linked for example, to priority regeneration schemes, the exit-strategies from regeneration schemes, or the potential of particular high-profile cases etc.
- We will seek to implement the policy proactively (through awareness raising, outreach and support etc) to encourage appropriate groups to take on an asset, linked to on-going programmes of support to the Third Sector.
- Any proposed asset transfer must support the aims and priorities of the Council as set out in Our Plan.
- We are committed to implementing a transparent corporate process for asset transfer including a clear point of first contact and clear stages and timescales for each party.
- We will designate an Asset Transfer Officer, who will help to shape discussion and provide support for a project. This individual will be the first point of contact for asset transfer and may be appointed on a case by case basis according to the proposed transfer.
- Not guarantee 'exclusivity' on a first come first served basis when considering asset transfer, inviting other expressions of interest, as appropriate, in relation to any proposed asset transfer.

- We will adopt an agreed method of assessing the benefits of the transfer, (linked to corporate priorities) which allows a comparison with market disposal (Community Asset Transfer Evaluation Tool (Appendix 3));

2. What assets are available for transfer?

In the context of this policy an asset is land or buildings in the ownership of the Council and does not include infrastructure assets or plant and machinery..

The Asset must be:

- In the freehold ownership of the Council.
- Not currently needed or identified for future investment, or used for direct service delivery, which could best be provided directly by the authority rather than through the community.
- Fit for purpose and would not impose an unreasonable liability to the Third Sector organisation or the Council
- Suitable for community transfer as the sole or one of the viable options following an options appraisal by the Council. This process will be adopted in response to requests or properties identified through internal reviews.
- Available to deliver the strategic priorities of the Council.
- Suitable for transfer or management and not be contrary to any obligation or restrictive covenant placed on the Council

Proposals for asset transfer can be split into three main categories

Surplus land and buildings.

The asset has been declared surplus to operational requirements and has either been proactively marketed to the general public or specifically to the Community and Voluntary Sector (CVS), or a reactive response to the disused asset has been made by the CVS group.

Non-surplus land and buildings

The asset has not been declared surplus and a speculative proposal has been put forward by a CVS group to take on the asset. The policy does not explicitly exclude any asset from potential transfer to a CVS group and leaves this open for decision on a case by case basis. However, schools and related premises, operational assets, and office space wholly occupied by Council services are unlikely to be considered suitable for transfer.

Occupied land and buildings

CVS groups occupying Council land and buildings may approach the Council to take on management or ownership of the building, usually at a less than best consideration.

3. What assets are not available for transfer?

We will not:

- Transfer or let a building at a discount where taking part in religious activities is essential in order to participate in or benefit from the proposed services and activities.
- Consider an asset transfer of land or buildings that is required by the Council to deliver its objectives – such as schools.
- Consider an asset transfer or lease of a building that has a limited lifespan, unless the proposal is a redevelopment scheme.

4. On what basis will we transfer an asset?

In view of the diverse nature of assets within our ownership, there is no one transfer methodology that suits all circumstances.

Nature of tenure offered will be determined on case by case basis having regard to the particular circumstances of the project, strength of the applicant and sustainability of the business case etc.

Asset transfers will generally be by means of leases or licences. Freehold transfer will only be considered in exceptional circumstances, and must be the subject of a specific report to Cabinet to gain approval if at less than best value consideration (ie discount) or if the value of the property is in excess of £500,000.

The decision whether to charge an open market consideration (ie market rent or market value for the sale) for the benefit of an interest in an asset will be determined on a case by case basis. Factors influencing such a decision will include; proposed uses, extent of revenue producing opportunities, benefits to the community.

Any transfer at a discount will be accompanied by a Service Level Agreement (SLA) identifying the benefits and how these will be monitored and measured, together with the remedies available to both parties if the SLA is not met. The SLA would clearly set out the respective roles and responsibilities of each party together with appropriate milestones to address the risks identified above and outcomes to be delivered by the project. It is important an exit strategy should also form part of this document. The nature of tenure offered would be linked to milestone events.

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

- In the case of bankruptcy;
- In the case of corruption;

- If the anticipated benefits of transfer are not realised (ie the SLA is not achieved); or
- If the organisation wishes to develop and move into bigger premises.

5. Which groups are eligible for asset transfer?

We will consider asset transfer to Community and Voluntary Sector (CVS) groups. Appropriate groups may be area-based, based around particular social groups or have some other 'community of interest'. Groups must be able to demonstrate good governance and an appropriate legal structure.

The Applicant must:

- Be community-led, i.e. its governance arrangements must ensure that it has strong links with the local community and that members of the community are able to influence its operation and decision-making processes;
- Be a Community and Voluntary Sector organisation - i.e. it must be a legal entity which is:- Non-governmental - not part of the statutory sector;
- Exist for community / social / environmental / economic benefit;
- Be non-profit distributing - it must reinvest any surpluses to further its social aims / community benefits;
- Have community benefit objective;
- Be appropriately constituted, for example, a registered charity, a community interest company or a charitable incorporated organisation, a not for profit company; a co-operative. Such constitution allows the management /ownership of buildings and or provision of services;
- Demonstrate good governance by operating through open and accountable co-operative processes, with adequate monitoring, evaluation and financial management systems;
- Demonstrate it has the skills and capacity within or available to its managing body to effectively deliver services and manage the asset;
- Embrace diversity and work to improve community cohesion and reduce inequalities;
- Be engaged in economic, environmental or social regeneration in Redcar and Cleveland or is providing a service of community benefit in line with the Council's core priorities;
- Demonstrate management experience and or expertise;
- Have a management proposal which includes a specific plan on health and safety issues and compliance with legislation and any statutory requirements arising from ownership or management of the building and or running a service;
- Demonstrate how they will address any capacity buildings requirements within their organization;
- Provide copies of the accounts of the organisation;
- Have been established for a number of years and or have a track record of delivering services or property management; and
- Have a clear purpose and understanding of the activities it wishes to deliver.

6. What proposed uses are acceptable?

Each proposed use will be assessed on a case by case basis but must be in line with the following:-

- Demonstrably help in the delivery of our Corporate Plan, corporate needs and facilities for the use by the people of Redcar and Cleveland;
- Ensure extensive and inclusive reach into the community and will be open to all;
- Maximise opportunities for income generation to ensure sustainability, for example, through social enterprise and the hiring of space and facilities; and
- Must be a need and demand for the activities being proposed and consideration is given whether or not this is being satisfactorily addressed by another organisation.

7. How will we assess an asset transfer proposal?

The asset transfer decision is essentially a choice between:-

- Retaining the status quo;
- Expenditure on other services made possible as a result of a “commercial disposal”; and
- The benefits generated by transfer of the asset to one or other community group (if there are competing proposals).

In assessing proposals for asset transfer, we will attempt to measure the relative benefits and risks of these three options in order to justify its decision and the level of discount proposed. It will relate these benefits to our priorities such as the key objectives in Our Plan.

The asset transfer decision involves the assessment of a number of criteria including considering the options arising from:

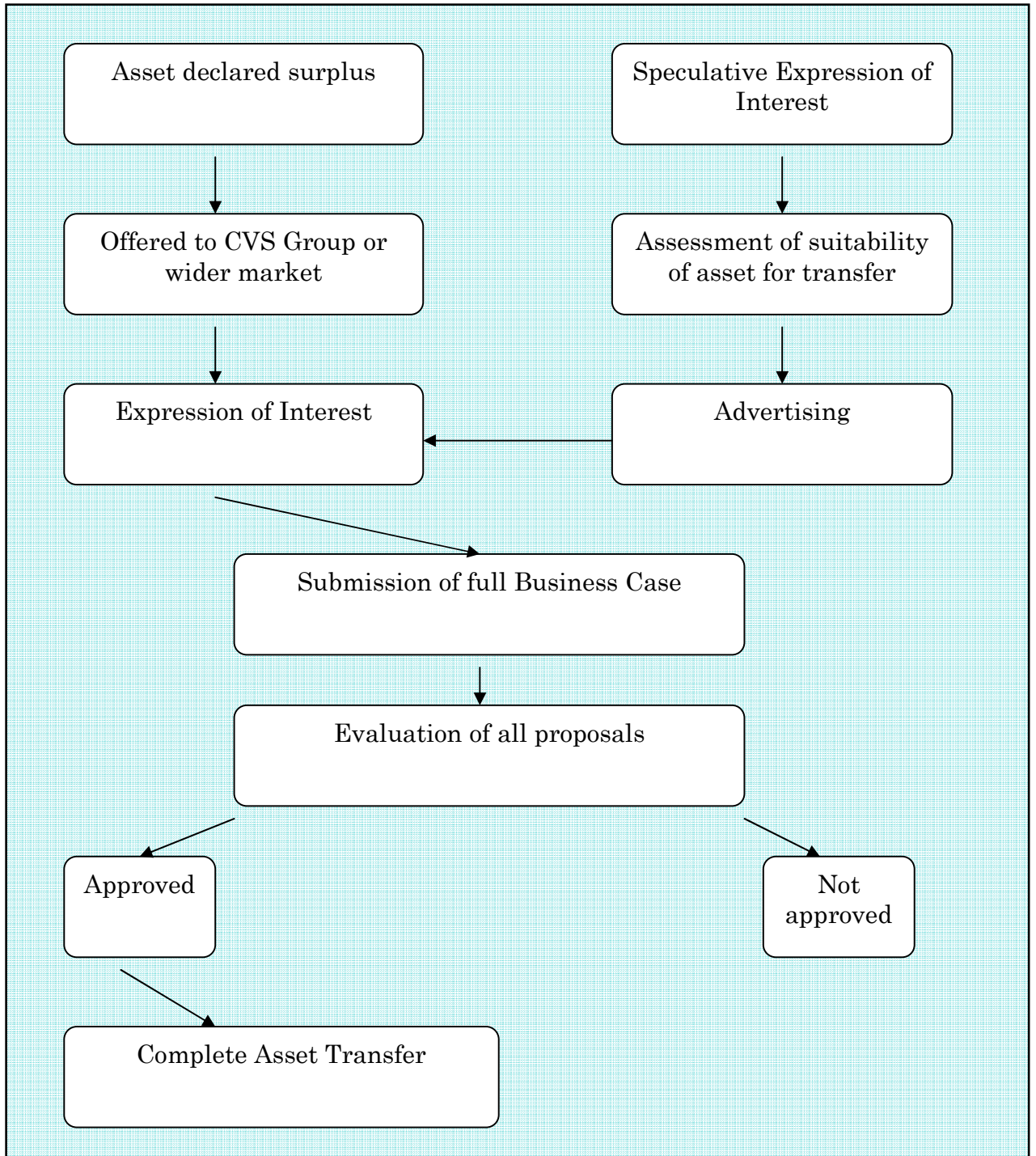
- Raising of capital receipts for future investment in direct service provision;
- Benefits to respective parties eg Council, Community, Third Sector generated by the transfer of the asset to the community;
- Loss of any existing income;
- Potential loss of opportunity costs arising from transfer; and
- Retention of assets for direct service delivery

8. What is the Asset Transfer Process?

There are a number of stages involved in the Asset Transfer Process and these are shown as a flowchart on diagram 1 overleaf.

Diagram 1

Asset Transfer Process



Stage 1 Asset Transfer Request

This is the initial stage and flags a CVS group's interest in a particular building or piece of land. The opportunity can arise either by the Council making available an asset or a specific request from a CVS group.

The request should be submitted on the "Expression of Interest Form" (Appendix 4). Additional supporting information can be included if thought necessary.

Stage 2 Assessment of suitability of asset for transfer

In the event that the asset has not been previously declared surplus then an initial assessment will need to be undertaken to determine whether the asset is suitable for Community Asset Transfer.

This assessment will be undertaken by the Asset Transfer Officer in accordance with the general principles at sections 2 and 3 above.

The applicant will be informed of the decision.

Stage 3 Advertising of opportunity

The policy states that we will not consider requests for transfer on a first-come, first-served basis. If a request for an asset is made and the asset has not been previously offered to either the wider market or CVS groups, then following the decision that the asset is suitable for transfer the opportunity to acquire the asset will be marketed.

The marketing period will be appropriate to the asset and will be a minimum of 6 weeks. During the marketing period, expressions of interest should be submitted by other CVS groups and business cases be developed from all interested parties.

Stage 4 Submission of Full Proposal and Business Case

Fundamental to the success of any transfer is the applicant(s) demonstrating to us 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.

CVS groups 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 - Capacity of the organisation to manage the asset;
- Use Statement - Details of how proposed use will be monitored including any fall back arrangements;
- Benefits Statement - Benefits to the Council, the organisation and the wider/community;
- Business Case

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

- At least 5 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 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 identified necessary capacity building requirements within their organisation;
- Whether they would wish to start on the phased transfer of the asset and agreed milestones to justify progression to the next phase;
- Where transfer is requested at less than market value either freehold or leasehold the applicant has justified and quantified the benefits to the community and Council to justify the subsidy. The Council will separately need to satisfy that any transfer is within its legal and financial powers;
- Any sources of finance asset transfer will release or attract;
- Track record of delivering services and or managing property;
- Financial sustainability and forward planning; and
- Have established how much space is required and its potential usage

Stage 5 Review of Proposal

We will review each proposal in line with the Community Asset Transfer Evaluation Tool (Appendix 3). This provides a clear mechanism for review and enables competing business cases to be assessed against each other.

The evaluation will consider areas such as:-

- How the need for proposed transfer and use of asset has been identified – what needs will the transfer meet?;
- Assessing the benefits as a result of transfer– what will be different and how it will be measured;
- Capacity of the CVS Group to acquire and manage the asset – reference to any accreditation's achieved e.g. Community Matters 'visible' standards or Development Trust Association 'healthcheck';
- Business case for future uses for the asset e.g. cashflow forecasts;
- Type of transfer sought and why;
- Statement from current vesting department supporting the proposal;
- Terms of any legally binding Service Level Agreement or any other legal agreement;
- Capacity building plan and how this will be delivered; and
- Details of how the proposed use of the asset will be monitored and details of 'fall back' arrangements should the transfer prove to be not sustainable;

The assessment will also identify the potential risks of transfer. The Quirk report recognised that there was a clear consensus between the public sector and third sector that risks exist. It is therefore important that both ourselves and the receiving organisation are sufficiently equipped to understand, assess and manage the risks that are inherent in the process of asset transfer. Therefore this policy should be mindful of the work

undertaken by the Quirk Review and DTA in addressing such issues. The risk will be assessed following our policy on managing risk.

Stage 6 Decision

Following evaluation the applicant(s) will be advised of the decision and the rationale behind the decision will be discussed. In some instances it may be that there is merit in the proposal but additional work is required to further develop the proposal and we will work with the applicant to develop this.

The decision will either be made under Delegated Powers in the event of a market value transfer or Cabinet if at less than best consideration (discount).

Stage 7 Complete Asset Transfer

Following agreement to transfer the asset we will agree detailed terms with the CVS group. The process is likely to differ with each transfer so project management arrangements are put in place to ensure that the scheme is properly resourced and supported, and to ensure all the necessary documentation and arrangements such as planning consents and lease / freehold transfer arrangements are in place.

If a lease is proposed, this will set out conditions of use there are certain circumstances under which we would reserve the right to intervene, for instance when conditions of lease or Service Level Agreement / Partnership arrangement are at risk of not being met. Monitoring arrangements and a key contact/liaison officer in the Council will be established for all transfers. The key contact officer will usually be an officer from the service most relevant to the services/activities delivered by the CVS organisation.

It is important that at this stage the CVS group is appropriately and independently advised on the legal transfer and the implications thereof.

When all necessary documentation and arrangements are put in place the asset transfer is complete.

Appendix 1 Types of Tenure in Asset Transfer

Types of Tenure	Advantages	Disadvantage
<p><u>Freehold</u></p> <p>Buying the property as full owner through a legal document entitled a “conveyance”</p>	<p>Security of ownership; Creates sellable asset Independence Can use asset to help raise debt and equity funding Not subject to service charges Freedom to improve or redevelop the asset, and to attract grants to do so.</p>	<p>Expense of purchase Cost of repairs and insurance May not be sellable if in poor condition or deeds forbid it It is much harder for a local authority to restrict future use of premises than with other forms of tenure</p>
<p><u>Long Leasehold</u></p> <p>Buying a lease of 22 years or more and paying a premium (initial capital payment) then a low annual ground rent. Lessee has all the responsibilities of a freehold owner</p>	<p>Security of ownership Creates sellable asset Independence Can use asset to help raise debt and equity funding Not subject to service charges Local Authorities can restrict future use of the premises using covenants placed on any lease</p>	<p>Expense of purchase Cost of repairs and insurance May not be sellable if in poor condition or deeds forbid it</p>
<p><u>Lease</u></p> <p>Taking a lease for a fixed period of years at an annual or ‘rack’ rent</p>	<p>Security of tenure (usually) rights under the Landlord and Tenant Act 1954. Local Authorities can restrict future use of the premises using covenants placed on any lease. In some cases rent may be low or at a peppercorn. In some cases maintenance costs may be shared with landlord. The local authority may be better disposed to granting discretionary rates relief.</p>	<p>Expense of rent and service charges (which may increase regularly) Cost of repairs and insurance Shorter leases limit a groups ability to improve premises and to raise funds for improvements</p>
<p><u>Tenancy Agreement</u></p> <p>A written agreement with</p>	<p>Easily terminated by the tenant. Rent may be</p>	<p>May be restrictions on use of premises</p>

<p>a monthly, quarterly or annual rent which can be terminated by either side giving notice</p>	<p>cheaper Often less responsibility for repairs / insurance. May have security of tenure. More likely to have discretionary rates relief</p>	<p>Makes fundraising more difficult</p>
<p><u>Licence to Occupy</u> Written permission to occupy for a short period (usually a year). Can be terminated by either side giving notice</p>	<p>As with a tenancy agreement, excepting no security of tenure. May be exempt from business rates. May allow a new group a chance to demonstrate its capacity to operate and its case for occupying the premises on a more secure basis</p>	<p>May be restrictions on use of premises. Local Authority may often need to give only a short notice period</p>
<p><u>Tenancy at Will</u> A licence to occupy at the discretion of the owner. Tenant may be evicted at any time on as little as 24 hours notice</p>	<p>As with licence to occupy</p>	<p>As with licence to occupy</p>

Appendix 2 Risks and Potential Solutions

Risk	Potential Solution
Organisation does not have the capacity /skills to take over and manage the asset	Agree Service Level Agreement at the outset incorporating skills audit and management plan, organisational development plan, detailed business plan, ongoing management plan, marketing plan, level of support offered and agreed at the outset
Community organisation cannot raise the cash needed to purchase or refurbish the asset offered	Identify extent of repair cost by detailed survey, prepare detailed business plan, identify and secure funding sources, phased transfer in line with finances available
The ability of the Council to support a particular project is limited by state aid rules or other restrictions or legal constraints which will impact on organisation's operation of the asset	Identify up front any issues that need to be addressed and allow time in programme for resolution
Inability of the community organisation to manage the asset effectively	Robust business plan identifying secured revenue streams, agreed organisational development plan, skills audit and training development plan
Asset not used in public interest, taken over by an unrepresentative or unaccountable minority, access to the asset is not inclusive	Adoption of ongoing Service Level Agreement, or other legal agreement. Local Authority to ensure management group reflects diversity of local community interest
Community organisation is not able to invest in the asset to meet its longer term liabilities for upgrading and cyclical maintenance	Robust long term business plan. Agreed organisational development plan. Organisation has demonstrated appropriate financial skills or access thereto. Minimise liabilities through appropriate legal structures.
Reliance of smaller receiving organisations on volunteers through lack of resources or professional/ support staff	Adequate support/advice on organisational structure /management. Use of role descriptors for trustees.
Fragmented ownership of assets across an area could impair strategic objectives of local authority and/or its LSP partners	Council adopting strategic approach to use of its asset base. Use of LSP to engage /encourage joint working
Confusion and lack of awareness over roles, responsibilities and liabilities between landlord and community organisations	Use of Service Level Agreement at the outset setting out roles and responsibilities of each party.

Community empowerment objectives of the receiving organisation are vague, weak, or not aligned to those of the Council	Organisation needs to undertake community needs survey to assess the needs /interests of the community; working in partnership with other groups
The Council does have sufficient capacity either financially or through personnel to support the initiative	Support for the third sector should be part of a broader partnership with the third sector. Role of local authority to be set out in Service Level Agreement

APPENDIX 3 COMMUNITY ASSET TRANSFER EVALUATION TOOL

NAME AND ADDRESS OF ASSET	
UPRN / UBRN	
STATUS OF ASSET (as per asset register)	
CURRENT USE	
WARD	
ASSET TRANSFER APPLICANT	
PROPOSED TERMS OF TRANSFER	FREEHOLD / LEASEHOLD MARKET VALUE / DISCOUNTED

FINAL SCORE AND RECOMMENDATION	
COMPLETED BY	
DATE COMPLETED	
DATE OF REVIEW BY ASSET MANAGEMENT GROUP	
CABINET DATE	
DECISION	
DECISION AND FEEDBACK GIVEN TO APPLICANT	

Evaluation Mechanism

The following evaluation tool is used to assess asset transfer proposals by community and voluntary sector (CVS) organisations. It may also be used to evaluate proposals for shorter term leases to CVS organisations. The tool may be adapted on a case by case basis as appropriate.

The tool is used at Stage 5 of the asset transfer process to broadly evaluate the suitability of the proposal.

Scoring

Each section is scored out of 25. Scores should be applied as follows.

0	Unacceptable to the Council
5	Requires significant improvement to be acceptable to the Council
10	Requires minor improvement to be acceptable to the Council
15	Acceptable to the Council for this stage of the process but with identifiable shortcomings which may be improved
20	Represents a very good response
25	Represents an excellent response

N.B. Scoring 0 or 5 for the sections indicated in the table overleaf will result in immediate failure of the application.

Overall Score

The scores are totalled. The maximum overall score is 250. The score determines the recommendation as follows:

0-50	Proposal is unacceptable
51-100	Proposal requires significant improvement to be acceptable to the Council
101-150	Proposal requires minor improvement to be acceptable to the Council
151-200	Proposal represents a very good use of the asset
201+	Proposal represents an excellent use of the asset

SUMMARY OF OVERALL PROPOSALS

Details of use and circumstances	Specify relevant details.
Is the asset currently occupied?	<i>Add details including: name and relevant information about occupant ; length of time of current occupancy; any lease arrangements;</i>
How is the asset currently used?	<i>Add details including Main and any subsidiary uses, any services offered; level of use; identity of user-groups; and whether of local, borough-wide or wider significance.</i>
Is the condition of the asset known?	<i>Add details, with estimated costs of any repairs/maintenance. Identify how recent this information is.</i>
Is the asset suitable and/or sufficient for its current use?	<i>Add details, including whether the asset complies with the Disability Discrimination Act. What is the most suitable use for this asset?</i>
Is there any other organisation affected by the ownership of the asset?	<i>Add details including in relation to existing freehold/leasehold arrangements, other contractual arrangements or any funding associated with the asset where conditions on its use or ownership may apply.</i>
Does the Council have any plans for the asset?	<i>Add details.</i>
Are there any other circumstances directly relevant to potential transfer?	<i>Add details, for example housing stock transfer, existing contractual or financial obligations on the asset, covenants on the asset, etc.</i>

1. DELIVERABILITY

	Assessment Criteria	Score each section out of 25	Comments
Governance See 1.1	Governance Proposals <ul style="list-style-type: none"> ▪ Inclusivity ▪ Track Record ▪ Constitution 		
Robustness and Business Plan See 1.2	Assessment of organisation in relation to: <ul style="list-style-type: none"> ▪ Viability of business plan ▪ Detailed, costed proposals ▪ Amount of capital funding for project (secured, conditional, speculative) ▪ Amount of revenue funding for project (secured, conditional, speculative) ▪ Professional team / support ▪ Delivery Programme 		
Planning and design See 1.3	Assessment of whether: <ul style="list-style-type: none"> ▪ Proposal is acceptable in accordance with current planning policy ▪ Planning permission likely to be (or has been granted) ▪ Design is accessible: equality of access regardless of age, disability, ethnicity, or social grouping. 		
	Total score out of 75		

2. BENEFITS

	Assessment Criteria	Score each section out of 25	Comments
Contribution to Our Plan See 2.1	Assessment of how well the proposals contribute to Our Plan Priorities / Themes / Objectives		
Contribution to neighbourhood priorities See 2.2	Assessment of how the proposals fit with neighbourhood priorities such as:- Complementing or duplicating existing services or activity in a locality Fill a gap in provision locally Improvement to local services		
Community benefits See 2.3	Assessment of proposals in relation to:- Community Empowerment Promoting a sustainable community and voluntary sector		
Equal Opportunities and Diversity See 2.4	Assessment of the potential to make a positive impact in accordance with our Diversity and Equality Statement.		
	Total score out of 100		

3. VALUE FOR MONEY

	Assessment Criteria	Score each section out of 25	Comments
Value for Money	<p>Assessment of how the proposals will:-</p> <p>Present and opportunity for a 'non-operational' asset to be used. Represent the best use of the asset particularly in the medium to long-term</p>		
<p>Economic development and social enterprise</p> <p>See 3.1</p>	<p>Assessment of how the proposals will improve the economic and social offer in the locality.</p>		
<p>Financial Implications</p> <p>See 3.2</p>	<p>Assessment of the financial implication of the transfer in relation to:-</p> <p>Repair and Maintenance Budgets Disposal Cost – Market Value or Discounted Continued Council commitment to the asset Create efficient savings Opportunity Costs Funding commitments Release of restrictive covenants</p>		
	Total score out of 75		

Additional Guidance

Questions / areas to consider when evaluating each proposal.

1 Deliverability

1.1 Governance

- Does the organisation have a Constitution?
- Is the organisation a Registered Charity?
- Is the organisation a Registered Company?
- How long has the organisation been established?
- How is the organisation managed?
- How is the organisation governed?
- Does the organisation have an Equal Opportunities policy?
- Does the organisation have insurance?
- Does the organisation have an Annual Report?
- Does the organisation have audited Annual Accounts?
- Is there a supporting statement available from 2 referees?

1.2 Robustness and Business Plan

- Capacity of recipient to manage asset - *What level of expertise in facilities management exist within the potential recipient? What is the capacity of the recipient to take on ownership and management effectively?*

- Potential for the asset to become a financial liability for recipient - *Are the costs of running and maintaining the facility known, and are they understood by the potential recipient? Have they got a business plan that sets out how they plan to use the asset?*
- Capacity of recipient to deliver promised services/outcomes - *Is there a robust business plan in place? Has the potential recipient got a track record in this area? Does the potential recipient have sufficient capacity to deliver what they propose?*
- Potential for ongoing Council liability - *What are the implications of the transfer in terms of maintenance and health and safety? Are responsibilities clear? What are the insurance arrangements?*
- Does the organisation have the necessary expertise to take on the asset (now and in the future).

1.3 Planning and Design

- Conflict with other legal, regulatory constraints - *Is the asset a listed building? What are the implications of this? Are there any other regulatory or planning constraints that affect the asset or an area that includes the asset?*

2 Benefits of Transfer

2.1 Contribution to Our Plan

- Priority theme - Children and Young People
Key objectives:
 1. Improve educational achievement among young people.
 2. Increase the number of young people in education, employment or training through improved engagement.
 3. Safeguard our children and young people
- Priority theme - Healthier Communities and Older People
Key objectives:
 4. Reduce health inequality.
 5. Transform services for adults and older people

- Priority theme - Safer Communities
Key objective:
6. Tackle anti-social behaviour and reduce criminal damage.

- Priority theme - Stronger Communities
Key objective:
7. Re-design our services to improve neighbourhood delivery in disadvantaged communities.

- Priority theme - Sustainable Communities
Key objectives:
8. Tackle worklessness and poverty.
9. Deliver improvements in our towns and villages.
10. Create a regeneration blue print for the whole Borough.
11. Reduce our carbon footprint.
12. Grow our tourism potential to deliver economic and cultural opportunities.
13. Promote an integrated, efficient public transport system.

- Priority theme – Business Improvement
Key objective:
14. Deliver our top 10 business improvement projects.

2.2 Contribution to Neighbourhood Priorities

- Improve or safeguard a service that would otherwise be lost?

- Present an opportunity to deliver specific council priorities (for example from the Sustainable Community Strategy or LAA)

2.3 Community Benefits

- Create a more direct connection between the asset and local people

- Enable the local community to respond to local issues

- Strengthen local identity

- Provide a means for local citizens and groups to access additional resources
- Improve capacity/sustainability of an organisation (e.g. by being able to borrow against the asset, or create a revenue stream from the asset)
- Add value by creating opportunities for individual organisations to work together, for example using the asset as a 'hub'.
- Potential loss of existing community services - *What are the implications of the transfer of the asset in relation to current service provision and community facilities? Does the transfer create any risk to continued provision in the longer term. Can appropriate safeguards be identified that would maintain the asset for community benefit (e.g. restricting use, modifications and/or sale of the asset)*

2.4 Equal Opportunities and Diversity

- Potential to disadvantage particular individuals or impact negatively on the local community or communities of interest – Complete Equality and Diversity Impact Assessment.
- Potential for a negative impact on community cohesion - *What is the potential impact of transfer on the local community? Are there existing tensions affecting the community?*
- Capture of asset by unrepresentative / extremist minority - *Are there safeguards in place in the short, medium and long-term that will prevent the asset from being used to the detriment of the wider community?*
- Transfer contravenes State Aid rules - *Is there any potential that the transfer could distort competition and affect trade between EU Member States?*

3 Value for Money

3.1 Economic development and social enterprise

- Bring additional investment into Redcar and Cleveland (e.g. through grants unavailable to the Council)
- Improve existing economic activity within the local area
- Encourage social enterprise

3.2 Financial Implications

- Lack of value for money - *Are the opportunity costs understood? Are the potential benefits clear and supported by a strong business case? Do the benefits exceed the costs?*
 - Conflict with other funders - *Is there any funding associated with the asset where conditions on its use or ownership may apply?*
-



EXPRESSION OF INTEREST [property]

Name of organisation:

Registered Charity or Registered Company No:

Daytime Contact Details:

.....

Post Code: Daytime Tel No:

For what purpose do you intend to use the building?

.....

.....

Form to be returned to:-

Land and Asset Management
Regeneration Directorate
Redcar and Cleveland Borough Council
Redcar and Cleveland House
Kirkleatham Street
Redcar
TS10 1RT

01642 444392 for queries

