



DUDLEY METROPOLITAN BOROUGH COUNCIL

HOW TO APPLY FOR A COMMUNITY ASSET TRANSFER

5th Draft

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1. Introduction

This guide has been developed by Dudley Metropolitan Borough Council to give advice to local groups interested in a taking on a Community Asset

Dudley Council believes that the community asset transfer process is about giving local people and community groups greater control in the future of their area and their community.

As the Quirke Review (2007) recognised, Community ownership of buildings can also play a part in raising local people's aspirations, in enhancing the local environment and in alleviating poverty.

If local groups own or manage community buildings such as community centres or village halls – it can help foster a sense of belonging and bring together people from different backgrounds.

The Council believes that voluntary and community organisations (VCO's) are often best placed to manage facilities in their local communities. They work with volunteers and their local knowledge and hands-on management of the asset is likely to result in lower overheads and better value-for-money, as well as a more intensive use of the asset.

2. What is community asset transfer?

A Community Asset could be defined as a piece of land or a building that is in use by the community. The Localism Act also recognises 'assets of community value' which the community sees their potential value for future use

Therefore the definition of Community Asset Transfer (CAT) is:

"The transfer of land or buildings from the council's freehold ownership into the stewardship and/or ownership of voluntary and community sector (VCS) organisations."

Community Asset Transfer can take place in different forms including short term and long term leases and in certain exceptional circumstances the full transfer of Freehold

We will discuss the type of transfer required with the organisation at the initial stage of application

3. Who can apply for Community Asset Transfer?

We will consider applications from the Voluntary, Community and Faith Sector Organisations or organisations that are not for private profit such as:

- Unincorporated registered charitable organisation

- company limited by guarantee with charitable status
- Community Interest Company (CIC) limited by guarantee
- Community benefit Industrial & Provident Society with an asset lock
- CIC limited by shares
- Faith Organisations

Community Asset Transfer recipients as organisations need to:

- generate social, economic or environmental benefits which are aligned with council priorities
- provide activities with significant focus on the residents of Dudley
- be open to all sections of society

Privately owned or commercial organisations can only be considered if their main aim is to deliver social, economic or environmental benefits.

National organisations whose remit is regional or nationwide are not normally considered for Community Asset Transfer.

4. For how long will leases be granted?

Each application for Community Asset Transfer will be looked at on a case by case basis. We will carefully consider the specific needs of the voluntary and community organisation, the condition of the asset and the requirements of potential funders or lenders. We will base the length of the lease term on the needs that are clearly supported by the voluntary and community organisation's business plan, and on the voluntary and community organisation's capacity to manage the asset. In certain case we may offer a phased transfer, depending on the voluntary and community organisation's resources.

In order to ensure sustainability, feasibility studies will need to be carried out by the Community Asset Transfer applicant and financial planning will need to figure highly in this process

Proposals from community anchor organisations (“independent, community-run and led organisations, rooted in a sense of place, and with a mission to improve things for the whole community”) and those which include the co-location of several services (a ‘community hub’) will be encouraged in this context.

The following is a guide to the length of term that may apply to new Community Asset Transfers, based on the anticipated requirements of most charitable funders:

- a Licence to Occupy will normally be granted for up to 12 months
- a lease of up to 10 years
- a lease of up to 25 years

- in exceptional cases, a lease longer than 25 years or even a full transfer of the freehold may be appropriate if supported by a business case that demonstrates special circumstances or requirements from funders or lenders.

The Council will be as flexible as possible when designing lease clauses, so that maximum benefit is achieved for both the VCFO and the council. This will enable the asset to be used imaginatively, e.g. through the ability to sub-let and through flexible user clauses.

Leases will also include future maintenance arrangements for the asset and these arrangements will be looked at on a case by case basis. They will also require that the appropriate policies and procedures are in place as well as adequate insurance coverage to cover Health & Safety and other legal requirements

All options will be explored with any interested parties **but it is important to be aware that there will be a cost implication** with all of these options, for example, how would the group taking part in the transfer find the funding or resources to pay rent or fund maintenance, repairs or renovations on the property or land?

5. How do we go about applying for an Asset Transfer?

The Local Authority have identified a single point of contact (SPC) who will deal with any applications for transfer and liaise with all the interested parties.

Groups will have to complete an Expression of Interest (EOI) form in the first instance. This information is available via the Councils Website or by post from the single point of contact. (Contact details of which can be found in the Useful Contacts in section 10)

Once we receive the Expression of Interest form we will discuss your proposals in more detail and arrange a viewing with you to make sure you get a real sense of the size and current use of the property and consider how this fits with your needs. Before you take over the rental or ownership of a property or piece of land, we will need to know that the property or land is going to be used for the benefit of the community and would offer real local opportunities, so you must be clear about what you want to use the building for and how this will support the local community

6. How do we know if the property is available for transfer?

In effect two registers of Community Assets possibly available for transfer will be developed by DMBC:

Under the Community Right to Buy section of Localism Act 2011 communities have the right to nominate assets of community value and they have the right to bid for them if they become available and therefore the local authority will maintain a list of such nominations overseen by the Corporate Property Group

The local authority will itself from time to time also identify assets that are surplus to requirements and could potentially be available for disposal

Copies of these lists will be available via the Council's website

It is important to bear in mind that the Council will reserve the right to retain assets it deems necessary for its future business use

Examples of this could be a local youth centre or community centre where the council still plans to run future activities and provide services for the wider community

When applicants make initial enquiries they will be informed of the availability of the asset they are interested in

7. How do we get help to take this forward and what do we need to do?

You will need to develop a business case and we have included a checklist below of key items you need to think about when developing this proposal.

The business case made to the Council by the voluntary and community organisation is the single most important document to inform the decision about whether to proceed with the transfer. Although voluntary and community organisations should feel free to structure the business plan in any way that they see fit, any business plan presented to the Council at a minimum must contain the following

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 etc) 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?

Business Plan Element	Detail
	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

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).

We would advise you to take independent advice and organisations wishing to get involved in the Asset Transfer process may wish to contact Dudley Council for Voluntary Services (DCVS) who may be able to support the application and help develop a business case

DCVS have access to an Asset Management Toolkit which can give step by step support to groups interested in asset transfer as well as offer advice on governance, funding and other relevant issues

There are also national bodies such as the Asset Transfer Unit based with the national charity Locality who may be able to advise you

Contact details for DCVS and Locality are available at the end of the guide

8. What is the time scale involved?

This depends on the size and the value of the asset to be transferred. Generally community assets will be divided into assets of a 'lower' and

'higher' value. These designations will be decided by the Council's Corporate Group in consultation with the Council Directorate responsible for the Asset

The process and timescale therefore, will be dictated by the size of the asset as follows:

<p>2 months</p>	<p>1. Request Requests for a transfer could come from either a voluntary and community organisation or a Council Service.</p> <p>If the transfer request comes from a VCFO the organisation will be sent a copy of the 'Guide to how to apply for Community Asset Transfer' which summarizes the process and they will be directed towards completing an initial Expression of Interest (EOI) providing details about their organization and identifying the building proposed to be transferred.</p> <p>The Single Point of Contact will liaise with the Directorate responsible for the asset to ensure they are happy for the disposal of the asset to go ahead</p> <p>If the Asset is unavailable the single point of contact will inform the voluntary and community organisation concerned as to the reasons why the transfer cannot go ahead</p> <p>At that point the request will be referred to the Corporate Property Group for an endorsement for the transfer to be taken to the next stage. The Corporate Property Group will also assess the market / fair value of the community asset proposed to be transferred and the next stage of the process will be dictated by the value of the asset is as follows:</p>
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For Assets of a lower value (less than £250,000) the next stage of the process will be:

<p>3 months</p>	<p>2. Building the Case</p> <p>If the Asset is available a business plan and feasibility study will be requested from the voluntary and community organisation identifying their plans for the building and identifying any local support for the proposal amongst local members and the local community. The voluntary and community organisation will have to demonstrate that their proposals have real community benefit and can help the Council achieve its corporate targets</p> <p>This will be presented to the corporate property group for discussion and if approved submitted for final approval</p>
<p>2 months</p>	<p>3. Report to Director of Corporate Resources</p> <p>Final report recommending transfer and outlining the terms and conditions to be approved by the Director of Corporate Resources in consultation with the Cabinet Member for Human Resources, Law and Governance and the relevant Ward Councillors.</p>

<p>1 month</p>	<p>4. Transfer</p> <p>Transfer may be immediate. However, the Council recognises that there may be significant advantages to a phased handover – especially if the Council will be running it as an operational asset prior to the voluntary and community organisation taking possession.</p>
<p>10 years +</p>	<p>5. Ongoing Partnership and Support</p> <p>It is recognised that a pre-requisite of transfer success is an ongoing partnership between the Council and the voluntary and community organisation. This may take the form of support and advice, encouraging public/ voluntary and community sector co-location within the building, aligning local commissioning towards supporting the voluntary and community organisation, etc. Where possible, It may also involve providing support over any capital phase as the Council is aware that it can be stumbling block. Most importantly will be a commitment to ongoing dialogue, which will last far beyond the transfer event itself.</p>

For Assets of a Higher Value (more than £250,000) the next stage of the process will be:

<p>2 months</p>	<p>2. Sponsoring Service</p> <p>The Sponsoring Service would be the Council service with most appropriate links to the organisation requesting an asset. The service could be identified in a number of ways including:</p> <ol style="list-style-type: none"> 1. An existing Service Level Agreement/Commissioned Services 2. Details in the Expression of Interest 3. Type of service provided by the voluntary and community organisation 4. Responsibility for the asset <p>The role of the Sponsoring service supported by the single point of contact is to co-ordinate the Council's response to the request for an asset transfer and produce a report for a decision. The Lead Service will be supported in this process by the single point of contact responsible for CAT strategically.</p> <p>Work may also need to be undertaken to verify the credentials of the voluntary and community organisation. The voluntary and community organisation will have to fulfill the requirement of the 'Pre – Visible' standard as defined by the national support body for community organizations Community Matters as detailed in Appendix A of the Guide. They must also ensure that other voluntary and community organisations operating in the area are aware, are consulted and have been able to make representation. In the event of competition for the same asset collaboration will be encouraged in the first instance – but competition will be treated as an opportunity to ensure that the Council selects the most appropriate transfer partner.</p> <p>If the transfer request has been made by a Council Service this is likely to be the sponsoring service</p>
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<p>2 months</p>	<p>3. Report to Corporate Property Group</p> <p>The report will detail relevant information which the Corporate Property Group will need to decide whether to proceed 'in principle'. The report will include the views of the Ward Councillors.</p> <p>The report will include information on the organisation, the asset (value, repair, condition/suitability, use) and importantly the community benefit potential of an asset transfer (e.g. efficiency savings for the Council, opportunity to consolidate service provision within fewer buildings, increasing sustainability of voluntary and community organisation, etc) If the transfer request has been made by a Council Service the Lead Service will be seeking permission to promote the opportunity to the wider voluntary and community sector or will be seeking permission to take forward the transfer in partnership with a specific voluntary and community organisation.</p>
<p>1 month</p>	<p>4. In Principle Decision</p> <p>The Corporate Property Group's decision to proceed (if support for the transfer is obtained) will be 'in principle'. In effect it will represent a decision to proceed with exploring the feasibility of the transfer as a voluntary and community organisation/Council partnership. Therefore it will be subject to a viable business plan and associated business development process, which will determine level of market discount, length and condition of lease, etc. Other issues that may need to be resolved at an early stage will include planning permission, State Aid and TUPE assessments, external funding conditions, etc. The Council may also choose to set other conditions at this time.</p>
<p>4-8 months</p>	<p>5. Detailed Development Stage</p> <p>This phase will enable the substantial development work to be undertaken towards a viable business plan (see section 8.4 Elements of a Business Case). The voluntary and community organisation should maintain regular contact with the Council over this period. The Council will also provide information required to make the development process as straight forward as possible (e.g. site plans, legal docs, historical running costs, conditions survey, maintenance plan, etc). During this time the Council and the voluntary and community organisation will also be making in principle agreements around heads of terms, levels of discount, length of lease, etc.</p>
<p>2 months</p>	<p>6. Report to Cabinet Member for Human Resources, Law and Governance (Decision Sheet)</p> <p>The Director of Corporate Resources will produce a final report (decision sheet) recommending transfer and outlining the terms and conditions.</p>
<p>1 month</p>	<p>7. Transfer</p> <p>Transfer may be immediate. However, the Council recognises that there may be significant advantages to a phased handover – especially if the Council will be running it as an operational asset prior to the voluntary and community organisation taking possession.</p>

<p>10 years +</p>	<p>8. Ongoing Partnership and Support</p> <p>It is recognised that a pre-requisite of transfer success is an ongoing partnership between the Council and the voluntary and community organisation. This may take the form of technical support and advice, encouraging public/ voluntary and community sector co-location within the building, aligning local commissioning towards supporting the voluntary and community organisation, etc. It may also involve providing support over any capital phase. Most importantly will be a commitment to ongoing dialogue, which will last far beyond the transfer event itself.</p>
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9 What happens if more than one organisation is interested in taking the same asset?

In the first instance, they will be encouraged to work together to look at the feasibility of developing a partnership approach to taking on the asset

If that is not possible, both organisations will be expected to go through the full application process as detailed above

Both applications will be looked at on their relative merits and a decision will be made based on which proposal contribute the most to addressing the priorities laid out in Council Plan as well bringing added value to the transfer

10 What happens next when the transfer is approved?

There will be an expectation for the voluntary and community organisation taking on the transfer to sign the appropriate legal paperwork

Leases / Transfer agreements may also be accompanied by a Service Level Agreement that will secure the longer term benefits of the Community Asset Transfer particularly if it is involved the delivery of services. This will set out the agreed minimum standards, opening hours and activities, and how these will be measured and monitored which will include identifying the wider social value of the transfer. It will also ensure that the voluntary and community organisation meets all necessary requirements to achieve optimum community benefit and use of the asset.

Monitoring arrangements will be overseen by the Single Point of Contact in consultation with the Corporate Property group. This could also involve the commissioning team at DMBC who may have arrangements with the Community Asset Transfer recipients over service delivery

Leases will usually be charged at a market rent and grant aided back to the voluntary and community organisation. The level of grant aid will be dictated by the by the depth and scope of the agreed outcomes as highlighted in the Service Level Agreement

Repairing and maintenance arrangements in relation to the asset to be transferred will be contained in the lease and will be agreed on a case by case basis

Leases longer than 10 years will normally only be granted to organisations that have an 'asset lock' and will contain clauses that prevent the asset being assigned or sold on for unintended financial gain and the loss of the agreed benefits.

Leases will contain suitable clauses to ensure the return of the asset to the council if the terms of the service agreement are not met, or in the case of dissolution, insolvency or corruption

Leases will also be proportional to the size and value of the asset concerned

The Council may also consider a 'meanwhile lease' in certain circumstances to change the use of a piece of land or building for a temporary use / service until it is ready to be used again as its designated use

Once granted, leases can usually be extended or restructured at a future stage, to meet the voluntary and community organisation's changed activities or circumstances, or to meet the requirements of potential funders or lenders.

11. Useful Contacts

Single Point of Contact at Dudley MBC for Community Asset Transfer

Martin Shaw,

Principal Officer – Communities, Directorate of Adult Community and Housing Services, Room G30, Ednam House, St James Road DY1 3JJ

Email - martin.shaw@dudley.gov.uk

01384 815171

DMBC Corporate Property Group

Mary Cox

Head of Property Management and Valuations Directorate of Corporate Resources 3, St. James's Road Dudley DY1 1HZ

01384 81 5345

Email – mary.cox@dudley.gov.uk

Dudley Council for Voluntary Services,

Albion Street, Brierley Hill DY5

Telephone - 01384 573381

Email - admin@dudleycvs.org

Website www.dudleycvs.org.uk

Locality (Asset Transfer Unit)

Address – 33 Corsham Street, London, N1 6DR

Website www.locality.org.uk

Telephone - 0845 458 8336

E mail - info@locality.org.uk

English Heritage

(publish some useful guidance on managing and disposing of local authority heritage assets)

1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST

Web Site - www.english-heritage.org.uk

E-mail: customers@english-heritage.org.uk

Telephone 020 7973 3000