



TRAFFORD COUNCIL

Appendix (iii)

HOW TO APPLY FOR A COMMUNITY ASSET TRANSFER

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1. Introduction

This guide has been developed by Trafford Council to give advice to local organisations interested in taking on a Community Asset.

The Council has recognised the value community groups can play in enhancing local amenities, and has supported where appropriate key local organisations to deliver improved services in conjunction with the use of Council assets.

Various methods have been used in supporting community organisations in the past including rent-granted accommodation in Council offices, ground leases to allow organisations to build - for example scout huts, and leases of premises including those to community associations to allow local management of a number of community centres.

The Council believes that voluntary and community organisations (VCSO's) are often best placed to manage facilities in their local communities, in working with volunteers, where local knowledge and management of the asset can result in lower overheads and better value-for-money, as well as better and more intensive use of the asset.

2. What is community asset transfer?

Relevant assets are land or buildings in use by the community. For assets owned by the Council, assets which are surplus to the Council's requirements are most likely to be considered suitable for transfer. However, there may be benefits in the transfer of assets of continuing use for the delivery of Council services or objectives. Decisions will be made on a specific basis to ensure that individual circumstances are considered. Assets of high value and those with high development potential are unlikely to be considered suitable for transfer.

The Localism Act also recognises 'Assets of Community Value' where the community sees their potential value for future use. Wider community assets therefore include those owned by other organisations, and can include a local post office, shop or pub.

Transfer normally involves the sale or lease of an asset; however, transfers are most likely to be leases. The length and responsibilities contained within the lease will depend on the purpose of the transfer and the size and nature of the organisation applying for the transfer. Therefore the definition of Community Asset Transfer is:

"The transfer of land or buildings from the Council's ownership into the stewardship and/or ownership of voluntary and community sector 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.

The type of transfer required will be discussed with the organisation applying at the first stage of application.

3. Who can apply for Community Asset Transfer?

We will consider asset transfer to community groups, voluntary groups, faith groups and non-profit making organisations - the voluntary, community and social enterprise sector. These may be based in the locality or have another wider interest. These include:

- § Unincorporated registered charitable organisations
- § Companies limited by guarantee with charitable status
- § Community Interest Companies limited by guarantee
- § Community benefit Industrial & Provident Societies with an asset lock
- § CICs limited by shares
- § Faith Organisations

Organisations benefitting from Community Asset Transfer need to demonstrate that:

- § The community option is in the community's interest and long-term benefit, creating social and economic value and benefits
- § They are open, representative bodies which adhere to equalities and health and safety requirements
- § Alignment with corporate priorities and objectives
- § They are a viable organisation – transfers will be made only to organisations which can demonstrate their business competence, sustainability and strong governance.
- § The proposal meets the specific needs of the local community in which the asset is based, and is fully accessible and inclusive (unless fulfilling the needs of a specific supported community of interest). National or regional organisations would not normally be considered for Community Asset Transfer.

While commercial organisations would not normally be considered, a proposal which demonstrates community benefit, or assists small business start-ups (especially social enterprise/SMEs) would be considered.

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 cases 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.

As a guide, the following lengths of term 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, or 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 VCSO 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 and 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, finding the funding 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 Council has identified a single point of contact in Asset Management 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 Council’s Website or by post from the single point of contact. (Contact details can be found in Section 10).

Once we receive the Expression of Interest form we will discuss your proposals in more detail and arrange a site visit with you to make sure you are fully aware 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 how you intend the asset to be used for the benefit of the community and how this would offer real local opportunities for improvement, 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?

Two Registers of Community Assets possibly available for transfer will be developed by the Council.

Under the Community Right to Bid section of the Localism Act 2011, communities have the right to nominate assets of community value, which can include assets

owned by other organisations, including commercial assets such as a village shop or pub, and they have the right to bid for those which have been accepted onto the list if they become available. We will therefore maintain a list of such assets overseen by Directorate of Economic Growth and Prosperity and the corporate Strategic Lands Group.

We will also identify assets that are surplus to requirements and could potentially be available for disposal on a Community Asset Transfer basis.

There may also be opportunities identified by the Council or voluntary and community sector organisations for transfer of an asset which would better support local needs or provide better value for money if in the VCS sector.

Copies of both 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, or to sell assets on the open market in order to generate receipts to ensure we can maintain our other assets.

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	
Summary	<ul style="list-style-type: none"> § Who you are, what you want to do, how you intend to do it
Organisation	<ul style="list-style-type: none"> § Track record, current plans, partnerships and people, governance, legal structure
Summary of the project	<ul style="list-style-type: none"> § 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
Approach	<ul style="list-style-type: none"> § What local needs will the project be responding to (who and how many will benefit?) § Is anyone else delivering similar activities in the same area? Is this potential for collaboration or competition and how will you respond to this? § Who will purchase the services/products that you provide? § What is the pricing structure and what is the rationale behind this? § How will promotion/marketing be undertaken?
Resources	<ul style="list-style-type: none"> § Financial projections should include:- § Cash flow for first year § Budget (3-5 years) § Profit and loss § Capital § Expenditure (if capital is required to redevelop the building sources secured or identified should be stated) § Explanatory notes – explaining rationale for projections and assumptions made. § This should include assumptions about timings and level of commitment for both § Income and expenditure
Risks	<ul style="list-style-type: none"> § Identification of the different risks associated with the Project, their impact and likelihood, together with how these will be managed

The organisation will also be expected to submit copies of governing documents, any evidence of external advice provided, expressions of support from partners/customers, and 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 Thrive (Trafford’s third sector support organisation) who may be able to support the application and help develop a business case. There are also national bodies such as the Asset Transfer Unit based with the national charity Locality who may be able to advise you.

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 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>1. Request</p> <p>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 VCSO the organisation will be sent a copy of this ‘Guide to how to apply for Community Asset Transfer’ which summarises the process and will be directed towards completing an initial Expression of Interest (EOI) providing details about the organisation 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 Strategic Lands Group for endorsement for the transfer to be taken to the next stage.</p> <p>The market / fair value of the community asset proposed to be transferred will be assessed and the next stage of the process will be dictated by the value of the asset is set out below:</p>	<p>2 months</p>	
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For assets of a lower values (less than £250,000) the next stage of the process will be :

<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>3 months</p>	<p>Total – 7 months</p>
<p>3. Report to Corporate Director – Economic Growth & Prosperity</p> <p>Final report recommending transfer and outlining the terms and conditions to be approved by the Executive Members for EGP and the relevant service area, with consultation with relevant Ward Members.</p>	<p>2 months</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>2 months</p>	

For assets of a higher value (more than £100,000) the next stage of the process will be :

<p>2. Sponsoring Service</p> <p>The Sponsoring Service would be the Council service with most appropriate links to the organisation requesting an asset transfer.</p> <p>Work may also need to be undertaken to verify the credentials of the voluntary and community organisation.</p>	<p>2 months</p>	<p>Total – 13 - 17 months</p>
<p>3. Report to Strategic Lands Group</p> <p>The report will detail relevant information which the Group will need to decide whether to proceed ‘in principle’. The report will include the views of the Ward Councillors and include information on the organisation, the asset and importantly the community benefit potential of an asset transfer</p> <p>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>2 months</p>	
<p>4. In principle decision</p> <p>The decision to proceed (if support for the transfer is obtained) will be ‘in principle’.</p> <p>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.</p>	<p>1 month</p>	
<p>5. Detailed development stage</p> <p>This phase will enable the substantial development work to be undertaken towards a viable business plan with the voluntary and community organisations maintaining regular contact with the Council. The Council will also provide information required to make the development process as straight forward as possible. 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>4 – 8 months</p>	
<p>6. Report to Exec Member – Economic Growth & Prosperity for decision</p> <p>The Corporate Director will produce a final report recommending transfer and outlining the terms and conditions.</p>	<p>2 months</p>	
<p>7. Legal documentation</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>2 months</p>	
<p>8. Transfer completed</p>		

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 other relevant Council services.

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.

EXPRESSION OF INTEREST
Submission to include:-
Organisation Details
Name of organisation
Date of formation
Charitable status
Constitution and terms of reference
Business Plan and financial records
Governance and management structure
Links with /support from Council or partner services
Proposal Details
Purpose for which the asset will be used for and why
Proposed users
Consultation undertaken
Benefits of the proposed use to the organisation, community and Council
Basic outline of business plan – proposed method of operation and financing
Basic outline of business plan – ability to ensure viability and sustainability

ASSESSMENT - PROPOSAL
Organisation expressing the interest in the asset
Reason for the request / interest
Robustness of the business case
Assessment of the organisation's capacity to take on the asset
Assessment of the relative benefits from the proposal Impact on Council finances – capital / revenue Impact on staffing Initial assessment of building condition and ability to maintain Assessment of the risks of the proposal
Impact on relevant strategies Fit with relevant policies and objectives
Local views of the proposal Other organisations competing for the transfer
Recommendation: a) potentially a suitable proposal for asset transfer b) requires more detailed assessment c) unsuitable

ASSESSMENT - ASSET
Is asset surplus?
Current occupation
Current usage
Condition
Suitability / sufficiency for current use
Impact on any other organisation
Other issues directly relevant to potential transfer
<p>Conclusion:</p> <p>a) potentially suitable for asset transfer b) requires more detailed assessment c) unsuitable</p>

ASSESSMENT - ORGANISATION
Is there 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 governed and managed?
Does the organisation demonstrate financial viability?
Does the organisation demonstrate the ability to manage the asset?
Does the organisation's ethos fit with that of the Council?

ASSESSMENT - BENEFITS**Community empowerment:**

Increases the involvement of the local community in the management of the asset
Enables the local community to take action to address local issues

Neighbourhood:

Complement existing services or asset transfers.
Fills a gap in provision locally

Sustainable community and voluntary sector:

Improves capacity/sustainability of an organisation
Adds value by creating opportunities for individual organisations to work together

Economic development and social enterprise:

Brings additional investment
Encourages social enterprise

Improves local services:

Improves or safeguards a service that would otherwise be lost
Gives an opportunity to deliver specific council priorities

Value for money:

Gives an opportunity for a 'non-operational' asset to be used
Represents the best use of the asset, particularly in the medium to long term
Creates efficiency savings.

Conclusion:

- a) benefits outweigh risks - potentially a suitable transfer**
- b) requires more detailed assessment**
- c) risks outweigh benefits – unsuitable with known mitigation**

ASSESSMENT - RISKS

Negative impact on community cohesion

Lack of ability to manage asset

Potential for asset to become a financial liability for VCSE

Potential for asset to become / revert to a Council liability

Inability to deliver promised services/outcomes

Potential to disadvantage groups or individuals

Potential loss of existing community services

Conflict with other organisations

Lack of value for money

Conclusion:

a) benefits outweigh risks - potentially a suitable transfer

b) requires more detailed assessment

c) risks outweigh benefits – unsuitable with known mitigation