AGENDA

CABINET MEETING

Date: Wednesday 14 October 2009
Time: 6.30 pm
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Garland (Chairman), Ash, Greer, Moss, Mrs Ring and Wooding

Continued Over/:

Issued on 6 October 2009

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact JANET BARNES on 01622 602242**. To find out more about the work of the Cabinet, please visit www.digitalmaidstone.co.uk

David Petford, Chief Executive, Maidstone Borough Council, Maidstone House, King Street, Maidstone Kent, ME15 6JQ

K = Key Decision

MAIDSTONE BOROUGH COUNCIL

CABINET

MINUTES OF THE MEETING HELD ON WEDNESDAY 9 SEPTEMBER 2009

Present: Councillor Garland (Chairman), and
Councillors Ash, Moss, Mrs Ring and Wooding

Also Present: Councillors FitzGerald, Mrs Wilson, Yates
and Hinder

74.   APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Greer.

75.   URGENT ITEMS

The Leader agreed to take the Part II referred matter from the Strategic Housing Advisory Committee regarding the proposal from Maidstone Housing Trust to change its Governance Arrangements as an urgent item.

76.   NOTIFICATION OF VISITING MEMBERS

Councillor Mrs Wilson indicated that she wished to speak on the Annual Report 2008/09 and the proposal from Maidstone Housing Trust to change its Governance Arrangements.

77.   DISCLOSURES BY MEMBERS AND OFFICERS

Councillor Mrs Ring disclosed a personal interest in Item 10 as she is tenant of Maidstone Housing Trust and Councillor Hinder declared a prejudicial interest in Item 10 as he is a Member of the Board of Maidstone Housing Trust.

78.   DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

79.   EXEMPT ITEMS

RESOLVED: That the Items on Part II of the Agenda be taken in private as proposed.

80.   MINUTES

RESOLVED: That the Minutes of the Meeting held on 12 August 2009 be approved as a correct record and signed.

81.   ANNUAL REPORT 2008-09

        DECISION MADE: That the Annual Report 2008-09 be agreed and
        published, subject to the following amendments:-

        a) Front Page – expand the explanation regarding partnership
           working.
        b) Sustainable Communities – include a specific number of people who
           have signed up for e-billing
        c) Quality Living – remove the 2nd "the" from the first line

        For full details of this Record of Decision, please follow this link:-
        http://meetings.digitalmaidstone.co.uk/mgDelegatedDecisions.aspx?bcr=
        1&DM=0&DS=3&K=0&DR=&V=0

82.   FORWARD PLAN

        RESOLVED: That the Forward Plan for the period 1 October 2009 – 31
        January 2010 be noted, subject to the following amendments:-

        Cabinet – add Community Asset Transfer Strategy for decision on 14
        October 2009

        Cabinet Member for Corporate Services – Procurement of External Printing
        delayed by one month to before 30 October 2009

83.   EXCLUSION OF THE PUBLIC FROM THE MEETING

        RESOLVED: That the public be excluded from the meeting for the
        following items of business because of the likely disclosure of exempt
        information for the reason specified, having applied the public interest
        test:-

	Head of Schedule 12 A and Brief Description
Report of the Director of Prosperity and Regeneration – Proposal from Maidstone Housing Trust to change its Governance Arrangements	3 – Financial/Business Affairs

        Councillor Hinder left the meeting.

84.   PROPOSAL FROM MAIDSTONE HOUSING TRUST TO CHANGE ITS
        GOVERNANCE ARRANGEMENTS

        EXEMPT DECISION MADE: That the recommendations be approved.

        For full details of this Exempt Record of Decision, please follow this link
        (secure access only):-
        http://meetings.digitalmaidstone.co.uk/mgDelegatedDecisions.aspx?bcr=
        1&DM=0&DS=3&K=0&DR=&V=0

MAIDSTONE BOROUGH COUNCIL

CABINET

14th OCTOBER 2009

REPORT OF THE DIRECTOR OF PROSPERITY AND REGENERATION

Report prepared by Alison Broom

1. DELIVERY OF DEVELOPMENT AND REGENERATION PROJECTS IN MAIDSTONE

1.1 **Identification and development of the preferred delivery arrangements**

1.1.1 To consider the range of funding sources and delivery arrangements for development and regeneration projects including the role of asset management.

1.2 Recommendation of the Director of Prosperity and Regeneration

1.2.1 That the cabinet consider the content of the report and agree:

1.2.2 That in principle a long term approach is taken with respect to securing investment for development and regeneration projects; and

1.2.3 That further work is undertaken with respect to the asset portfolio of the authority in order to identify assets for disposal in the short term and assets that could be considered for inclusion in a public:private partnership for the future delivery of development and regeneration projects over the longer term in Maidstone as summarised in paragraph 1.3.11 and appendix 1.

1.3 Reasons for Recommendation

1.3.1 In order to achieve the place shaping aspirations expressed in the borough's Sustainable Communities Strategy, current Borough Plan and Regeneration Statement and to meet the test of soundness required for delivery of the LDF Core Strategy a review of options for delivery of projects and infrastructure has been undertaken. This report sets out the background, summarises the options and recommends the next steps.

1.3.2 Development and regeneration projects are only one of a variety of activities which will demand capital resources in the future. Additionally it is anticipated that the resources available to the

Council through traditional channels including cash income and government grant and investment programmes are likely to become more constrained over the period of the medium term financial strategy as overall levels and the distribution of public spending are adjusted. For these reasons the Council also needs to give consideration to increasing its liquid assets in the short term including through the disposal of land and property. A balance will need to be struck between short and long term demands for capital assets.

1.3.3   Currently development and regeneration projects are managed and delivered by in-house teams directly or through commissioning of consultants and contractors on a project by project basis (for example Maidstone depot project, High Street public realm project) or through working in collaboration with Kent County Council (particularly with respect to transport and neighbourhood planning projects).

1.3.4   In terms of capital resources the Council is currently debt free, utilising the resources obtained from a housing stock transfer in 2004. The authority has growth point status and, to 2009/10, has received £8m in grant. However the Department for Communities and Local Government has advised that the indicative allocation of capital funding of £2.5M for 2010/11 will be reduced by around 56% to £1.1M; consultation is underway but advice from ministers suggests that this position is unlikely to change as funding has been redirected to other programmes. The authority also has a range of other capital assets; the capital resources available for 2009-12 include assets identified as surplus for resale to an estimated budget level of £34m. The Council's treasury management strategy and prudential indicators identify maximum borrowing of £4m in the period to 2011/12. The medium term financial strategy identifies a need to find compensating savings to support borrowing of £2m by the end of 2010/11 and assumes further borrowing of £2m in 2011/12 but has not identified compensating savings to support this. In addition two major schemes in the capital programme – the Museum East Wing Extension and Mote Park - have external heritage funding.

1.3.5   The Cabinet agreed a capital schemes programme in May 2009. This programme and the associated funding streams are under review as a consequence of changes to growth point capital grant and assets disposals. This will be considered integrally with the revenue budget planning process as part of formulating the Council's Medium Term Financial Strategy for 2010 onwards.

1.3.6   The Council's key objectives with respect to development and regeneration are summarised below:

- Long term economic sustainability of the borough and in particular Maidstone town centre
- Greater control over development and regeneration opportunities in the borough than would be achieved through responding to piecemeal approaches from the market; this to include proactive development or regeneration of key sites and as part of the identification of "quick win" projects
- Delivery of infrastructure arising from current and future needs as identified in the South East Plan, LDF Core Strategy and Growth Point Programme of Development including transport
- Delivery of housing targets including affordable housing and tackling the perception and reputation of particular residential areas eg Parkwood and tower blocks in the town centre
- Delivery of Neighbourhood Management Action Plans
- Achievement of benefits for the Council and its public sector partners from the development process and not just from the sale of land and property under their control
- Maximise resources and funding opportunities for the Council
- Diversify, expand and optimise the Council's property portfolio
- Improvement to the environment of the borough

1.3.7   Lack of investment resources over the medium to long term represents a fundamental barrier to achieving the Council's aspirations for regeneration, delivery of the enabling infrastructure needed to achieve sustainable community development as envisaged in the SCS and LDF (transport, housing, social infrastructure) and satisfying the "test of soundness" essential for adoption of the Core Strategy. Funding mechanisms for unlocking "growth" include established and emerging options including:

- LABGI – Local Authority Business Growth Incentive scheme
- Business Rate Supplement
- S106 – site orientated contributions/ Strategic Planning Tariff
- Community Infrastructure Levy
- Regional Infrastructure Funds
- Accelerated Development Zones/Tax Increment Financing
- Other forms of local taxation e.g. work place parking levy
- Public-private partnerships

1.3.8 In the current economic downturn there is uncertainty about how some of these mechanisms will operate and when some of them will be available. There is concern that Business Rate Supplement and Community Infrastructure Levy will not be sufficient to cover the cost of infrastructure needed to support development and regeneration. The recession has reduced cash flow from some key areas e.g. S106 and raised uncertainties about government investment e.g. Growth Point. Policy and regulation changes are likely to increase development costs at least in the short term while the market adjusts e.g. building to the higher levels of the Code for Sustainable Homes and this in turn will impact on the scope for securing contributions from future development. The LDF Core Strategy will need to be supported by an Infrastructure Delivery Plan. The approach to securing infrastructure needs to be complementary to the delivery mechanisms used to secure the development and regeneration projects which will result in place shaping for the future e.g. in the town centre.

1.3.9 The scale of investment required and the current economic landscape suggest that a mix of funding tools and partners are needed to deliver investment and, potentially, generate long term economic gains for the Council (or ultimately the treasury). One strand of a strategy to address the need to generate resources for investment through the council's own efforts is the contribution that can be secured from its existing assets both now and on an on-going basis. It is suggested that examining these options now is timely because of the contribution needed for the Core Strategy infrastructure delivery plan and because of the risks of future constraints as the government develops its response to the impact of the credit crunch on public sector resources.

1.3.10 Appendix 1 sets out a brief summary of the broad options available. Public:public partnership is an additional option. However, discussion with SEEDA suggests that investment resources available through this route are heavily constrained and that Maidstone would not be a high priority location for either single project investment or a significant scale package of projects. Hence it is suggested that further consideration of this option would be unlikely to be fruitful. All the options set out in Appendix 1 have merit; making a choice about the predominant model to be followed is dependent on the time horizon employed ie predominantly short or long term. It is recommended that, on balance, a long term investment strategy would result in more sustainable use of resources and that in principle the timing for testing the market is appropriate because the council has a recently adopted the Sustainable Communities Strategy (ie clarity about how the community wants to see Maidstone develop and improve) and a package of infrastructure development required for the LDF.

1.3.11 However, before making any decisions on precisely what to do in terms of using property assets as a means of facilitating development

and regeneration projects it is recommended that there needs to be a review of the Council's portfolio and, with respect to public:private partnership options, a soft market test of the attractiveness of the portfolio and the council as a partner.

1.4 Alternative Action and why not Recommended

1.4.1 The Council could continue with its current arrangements for generating and applying resources for development and regeneration projects. There is a significant risk that this will not deliver the scale of resources needed for the authority's place shaping aspirations or the infrastructure needed to support the LDF. Hence it is recommended that the range of delivery arrangements is fully explored.

1.5 Impact on Corporate Objectives

1.5.1 Delivery arrangements for development and regeneration projects have an impact for achievement of the strategic objectives for Maidstone and in particular for economy and prosperity, homes and communities, sustainable and integrated transport system and environmental excellence and climate change.

1.6 Risk Management

1.6.1 The decision invited is intended to address key risks underlying the option appraisal for delivery arrangements for development and regeneration projects ie the strength of the authority's asset portfolio and its attractiveness to an investment partner.

1.7 Other Implications

1.	Financial	x
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	x

1.7.1 <u>Financial</u>

1.7.2 The current capital programme, considered in light of the indicative 2010/11 grant for growth point, assumes two major risk items, £7.2m in resources from unsold assets and a further £3.5m of unidentified resources that could be found from prudential borrowing within the limits of the current treasury management strategy.

1.7.3 The approved capital programme provides a three year analysis however there are longer term commitments that form part of the programme. One example, the leisure centre, is a contractual commitment that will require a further £7.9m in resources in the 13 years following the period covered by the approved programme.

1.7.4 In order for the Council to be prepared for the future demands detailed in this report it is essential that the long term approach is taken forward.

1.7.5 <u>Asset Management</u>

1.7.6 Development and Regeneration projects are only one of a range of drivers for change in asset management the others include:

- The Government's Operational Efficiency Programme (OEP) – how best to realise value from surplus assets whilst reducing costs and continuing to improve services
- Total Place - collaboration between public sector agencies across operational properties to facilitate better service delivery – localisation/subsidiarity agenda, unitary council benefits
- Climate Change - achievement of carbon targets through reduction or recycling/modernisation of property assets
- "Credit Crunch" – which has intensified the squeeze on public funding and reduced government investment – increasing the imperative for the council to capture the value in its assets and use it to achieve service delivery priorities.

1.7.7 Hence it is critical that ultimately the options appraisal for delivering development and regeneration projects also takes into consideration the wider asset management agenda.

1.8 <u>Background Documents</u>

1.8.1 There are no such documents.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision?   Yes   ☒   No   ☐

If yes, when did it appear in the Forward Plan? __July 2009_____

Is this an Urgent Key Decision?   Yes   ☐   No   ☒

Reason for Urgency

None

APPENDIX ONE – OPTIONS SUMMARY FOR DEVELOPMENT AND REGENERATION PROJECT DELIVERY

Option	Advantages	Disadvantages	Key issues and questions
Piecemeal disposal of sites for capital receipt	▪ Tried and tested ▪ Generates capital resources for projects already identified and where the anticipated funding streams have been reduced e.g. growth point or are yet to materialise e.g. museum	▪ Market driven – although some sites could be attractive to be sold in this way ▪ Current market conditions means poor return on sales ▪ Does not maximise the potential for a comprehensive approach to regeneration or achievement of wider objectives ▪ Probably limit the leverage of third party investment	This requires regular methodical review of the Council's asset management plan to identify suitable sites and potential scope for land swaps. This is also required for each of the other options listed below.
Individual site development agreement	▪ Allows Council influence on development proposals ▪ Potentially greater return e.g. through overage provisions	▪ Limits the amount of third party funding ▪ Limited emphasis on a comprehensive approach to an area/relationship ▪ Capturing development value - overage	Overage option for recovering value is, in some circumstances, perceived as lacking transparency
Framework contract arrangements Pre-agreed rates for inputs e.g. staff hours with subsequent mini-competitions for call offs	▪ Allows Council influence on development proposals ▪ Combines commitment with competition ▪ Flexibility to look for price reductions and/or quality improvements as the contractor(s) become more practised at delivery	▪ Resources for both parties required for initial procurement and subsequent mini-tender procurements ▪ Capturing future increases in development value – overage ▪ Limits the amount of third	In addition to the points above - maybe more suitable for programmes of refurbishment

		party funding ▪ Limited emphasis on a comprehensive approach to an area/relationship	
Public- Private Partnership The Council offers development sites to a Joint Venture Company; the investment partner develops; Council's share of the money from the developments invested e.g. in new projects. Examples - Local Asset Backed Vehicle (Tunbridge Wells) and Equity Partnership (Leeds)	▪ Lever in private sector investment e.g. for master planning, strategic property expertise, development ▪ Reducing costs for both partners e.g. from procurement ▪ For the LA capturing a share of the development value/equity return for reinvestment in services and projects – should result in a better yield than a site by site development agreement approach	▪ Significant resource requirement to design, procure and implement (potential to recover this over the length of the partnership and/or share with the investment partner) ▪ Attractiveness (size and composition) of asset portfolio to potential investment partner ▪ Perception that one vehicle/partnership may not be able to address the diversity of projects, sites etc.	There is a variety of models and choice over the length of the partnership. The key issue is the scope and scale of assets (land, buildings etc.) and projects (e.g. LDF associated activity e.g. master-planning, public realm schemes) to be included in the package. If this option is to be considered further then key questions centre on there being sufficient assets and projects to be attractive to an investment partner.

MAIDSTONE BOROUGH COUNCIL

CABINET

14 OCTOBER 2009

REPORT OF ASSISTANT DIRECTOR OF RESOURCES AND PARTNERSHIPS

Report prepared by Ian Park

1. **COMMUNITY ASSET TRANSFER STRATEGY**

1.1 Issue for Decision

1.1.1 The Cabinet is asked to consider the draft community asset transfer strategy, which is attached as Appendix A to this report.

1.2 Recommendation of The Assistant Director of Resources and Partnerships

It is recommended that the community asset transfer strategy be approved.

1.3 Reasons for Recommendation

1.3.1 The policy background to the principles of community asset transfer is laid out in sections 4 and 5 of the draft strategy. A brief summary of the most important elements is outlined below:

1.3.2 National Policy

The 2006 Local Government White Paper confirmed the Government's intention to increase opportunities for community asset ownership and management and promoted asset transfer as part of a local authority's 'place-shaping' role. A review was commissioned to see how this could be expedited.

The 'Quirk Review's findings in Making Assets Work were published in May 2007. All the review's recommendations were accepted by the Government and published a week later as an implementation plan in Opening the transfer window : the Government's response to the Quirk Review.

The Quirk Review found that a careful increase in the community's stake in an asset can bring a wide range of additional benefits for the

community, the organisation receiving the asset and the local authority facilitating the transfer. The benefits of community ownership and management can outweigh risks and opportunity costs.

The Government's Empowerment Action Plan published in 2007 includes actions relating to the transfer of assets and to a programme of support including the availability of further support funding.

In July 2008 the White Paper Communities in Control: real people real power confirmed ongoing support for the Quirk review, announced the establishment of a national Asset Transfer Unit, extended the Advancing Assets programme by a further year and announced a £70mn "community builders" fund. A number of capital bids from those organisations who had existing asset management transfer strategies were successful.

1.3.3 Council Policy

The council is committed in the Sustainable Community Strategy to using council assets, land and property, to enable the delivery of the Sustainable Community Strategy's vision for the borough. The Asset Management Plan (2008-2011) has a number of strategic objectives which are directly relevant to asset transfer including ensuring that the council's asset portfolio supports the delivery of its services and objectives, that it meets the challenge of working in an environment of change, and that it ensures that all assets are demonstrably managed in the most economic, efficient and effective manner.

In addition the Asset Management Plan identifies involving partner organizations as part of the options appraisal process, where the future use or disposal of property or land which is surplus to requirements is being considered. The plan states that "future management of community halls (*should be pursued*) in line with the Quirk Review of community management and ownership of public assets" . The plan commits the council to adopting an approach of greater community management of such assets, within the framework of appropriate lease arrangements and service level agreements and aided by a supportive framework for training and guidance delivered by the council.

The council was successful in its application for stage 2 funding under the Quirk Review (see above) to provide specialist support to help develop a community asset transfer strategy. It is considered that should there be a further round of funding available from the Government to facilitate community asset transfer that the council would be in a good position to make a successful bid. Such a bid could focus on funding for asset improvement to facilitate transfer in respect of Heather House and/or Fant Hall, as outlined in the Asset

Management Plan. The likelihood of a second round of this funding is at present unknown.

1.3.4 The Community Asset Transfer (CAT) Strategy and Process

The draft CAT strategy and process is attached at Appendix A. It is accompanied by an assessment toolkit and a guide to the process for organizations in the voluntary and community sector. The strategy also sets out the process which commits the council to an audit of all existing community facilities whether owned /operated by the council, other public bodies or third sector organizations, and to the development of a set of standards for community halls.

Action with Communities in Rural Kent (ACRK) was commissioned by the council in May to establish the numbers, location, lease type and financial state of the community halls within the borough, and to point to examples of management practice that might be shared, as the first step in this process and more broadly to establish a strategy and framework for delivering community hall provision.

Further information on the state of community-owned buildings will be available in late 2009 / early 2010, when the results of the ACRE National Village Halls Survey are known. This survey, conducted every 10 years, examines provision of services, car parking, facilities and other information provided by each hall and this should provide more detailed information to help the council perform the audit and to develop the standards referred to in the draft Community Asset Transfer (CAT) process.

1.3.5 Review of community Halls

A separate report regarding a strategy for community hall provision is on elsewhere on this agenda. It is intended to carry out a review of all community halls in the borough with the aim of developing a set of consistent standards in respect of them, reporting to Cabinet in Spring 2010.

Officers attended a meeting of the Environment and Leisure Overview and Scrutiny Committee on 22 September to discuss the Asset Transfer Strategy prior to it being approved by the Cabinet. The Committee were supportive of the aims of the strategy but requested that careful consideration be given to the issue of overage in respect of any freehold transfer by the Council: this would result in the Council being entitled to receive a sum of money should the site subsequently be redeveloped.

1.4   Alternative Action and why not Recommended

1.4.1 It would be possible either to adopt an alternative community asset
       transfer strategy or not to have such a strategy at all. This strategy
       however has been drawn up with specialist input provided by
       Government, is based on best practice and has involved discussions
       with stakeholders in its preparation. The council requires a community
       asset transfer strategy as a framework to achieve greater community
       management of its assets.

1.5   Impact on Corporate Objectives

       The council has as key priorities, creating "a place that has strong
       communities" and "a place with effective public services". Key
       objectives include promoting effective partnership working with the
       voluntary and community sectors, encouraging greater community
       involvement, improving social inclusion in the borough, and reviewing
       the services the council provides to ensure they meet the needs of
       local people and provide value for money.

1.6   Risk Management

1.6.1 Transferring council community assets to the third party potentially
       entails reputational and financial risks. These are mitigated by the
       proposed assessment toolkit which is designed to help the Council to
       determine the appropriateness of any transfer proposal, and includes
       financial considerations as well as considerations of suitability and
       sustainability.

1.7   Other Implications

1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	X
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	

8. Procurement	
9. Asset Management	X

1.7.2 For asset transfer to work effectively, assets for transfer consideration need to be, or to have the potential to become assets rather than liabilities. The financial implications of any proposal for asset transfer are considered in the assessment toolkit.

1.7.3 Transfer of an individual community asset from the council to a third party will have legal implications, the exact nature of which will depend on the asset under consideration

1.7.4 The self assessment toolkit considers the equality impact in the context of social benefit.

1.7.5 The strategy has been drawn up in the context of the council's Asset Management Plan (2008-2011).

1.8 Background Documents

None

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision?   Yes [X]   No [ ]

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision?   Yes [ ]   No [X]

Reason for Urgency

N/A

Maidstone Borough Council

Asset Transfer Strategy and Policy Statement
June 2009

Contents

1.   **Definition of Community Asset Transfer**

1.1   Community Asset Transfer (CAT) relates primarily to the transfer of a council property asset (land or buildings) at less than market value to a third sector organisation (TSO).

2.   **Purpose of the Strategy**

2.1   The purpose of the strategy is to set a transparent, positive and proactive framework to enable transfer from the borough council to third sector organisations to happen and be successful in the long term.

3.   **Community Asset Transfer Policy Statement**

3.1   The council supports strong and sustainable third sector organisations (TSOs) as key partners in the delivery of services and in providing a link with local communities. Working in partnership with thriving TSOs can assist the council in achieving the outcomes as enshrined in its Sustainable Community Strategy and Local Area Agreement that will benefit local communities.

3.2   The council recognises that the way its physical assets are managed can have a positive impact on the long-term strength of the third sector and local communities more generally. Through asset ownership, TSOs can grow and become more secure. The council's aim is to ensure that the way assets are managed strongly underpins wider corporate aims and where appropriate, will use asset transfer as a means of enabling TSOs to become sustainable on a long-term basis. To be successful, asset transfer requires a long-term partnership approach on the part of the council and the TSO.

3.3   This strategy and policy statement applies to all the council's physical assets including land, buildings and other structures used for a variety of different social, community and public purposes. To more effectively exploit these assets, to build stronger and more sustainable communities, the policy will have the following specific aims directly related to community management and ownership. These should be that any solution adopted for a specific building or piece of land should:-.

> benefit the local community[1]
> benefit the council and other public sector service providers[2]
> benefit the organisation taking ownership[3]

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[1] Benefits to the community can arise from: building confidence and capacity; attracting new investment and reinvigorating the local economy; and securing stronger, more cohesive and sustainable communities (See Quirk Review Section 4)

[2] Benefits to public sector providers can arise from: the creation of a new partner able to tap into additional resources; the ability to engage with a more cohesive local community; new service provision complementing and augmenting statutory services (See Quirk Review *(add date)* section 4)

> ➢ strengthen the community and voluntary sector as a whole in Maidstone

4. National policy context

4.2 The 2006 *Local Government White Paper* (*name the white paper)* confirmed the government's intention to increase opportunities for community asset ownership and management, and promoted asset transfer as part of a council 'place-shaping' role. The Secretary of State for Communities commissioned Barry Quirk, Chief Executive of Lewisham council to carry out a review into the barriers preventing community asset transfer. It also indicated that a fund would be established to help with this, later announced as the £30 million Community Assets Fund managed by the Big Lottery Fund.

4.3 The 'Quirk Review's' findings *Making Assets Work* were published in May 2007. All the review's recommendations were accepted by the government and published a week later as an implementation plan in *Opening the transfer window: the government's response to the Quirk Review*. The government's plan for taking the review forward included a demonstration programme with and their partners, a guide to managing risks in asset transfer and a series of regional awareness-raising workshops.

4.4 The Quirk Review found that a careful increase in the community's stake in an asset can bring a wide range of additional benefits for the community, the organisation receiving the asset and the council facilitating the transfer. The benefits of community ownership and management can outweigh risks and opportunity costs.

4.5 The government's Empowerment Action Plan published in 2007 includes actions relating to the transfer of assets and to a programme of support for community anchors, including the availability of further funding to support the development of anchors.

4.6 In July 2008 the CLG White Paper "Communities in Control: real people real power" confirmed ongoing support for the Quirk review, announced the establishment of a national Asset Transfer Unit, extended the Advancing Assets programme by a further year and announced a £70million Community builders fund. The origins of this agenda go back to the ODPM's 2003 *Communities Plan (Sustainable Communities: Building for the future)*. This acknowledged that sustainability is only possible

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[2] Benefits to public sector providers can arise from: the creation of a new partner able to tap into additional resources; the ability to engage with a more cohesive local community; new service provision complementing and augmenting statutory services (See Quirk Review *(add date)* section 4)
[3] Benefits to the organisation include: financial security; increased recognition; power; management capacity and organisational development, and through having a secure base opportunities to expand and diversify. (See Quirk Review Section *(add date)*4).

where local communities play a leading role in determining their own future development.

5   Local Policy Context and Link to Other Strategies

5.1   The strategy for community asset transfer is set within the context of the strategic aims and priorities in the Strategic Plan, Sustainable Community Strategy, Local Area Agreement and Local Development Framework. It also reinforces the positive partnership with the third sector in Maidstone as set out in the Kent Compact.

Council's Strategic Plan

5.2   The council's vision, priorities and objectives are set out in the Strategic Plan 2009-2012. Its vision is that Maidstone Borough will "be a vibrant 21st century urban and rural community at the heart of Kent where its distinctive character is enhanced to create a safe, healthy, high quality environment with high quality education and employment where people can realize their aspirations". Key priorities include creating "a place that has strong, healthy and safe communities" and "a place with efficient and effective public services".

5.3   The council has set out a number of objectives to achieve this vision. The most relevant among them for Community Asset Transfer are:

Theme	Key Objectives
Homes and communities	Promote effective partnerships working with the voluntary and community sectors Encourage greater community involvement and improve social inclusion in the borough
Economy and Prosperity	Continue to review the services the council provides to ensure they meet the needs of local people and provide value for money

5.4   Under the Economy and Prosperity Topic (5.1), the council commits itself to:

- Use powers to sell its own land at less than market value where this will act as a catalyst to achieve sustainable economic development and regeneration.

- Use council assets – land and property - to enable the delivery of the Sustainable Community Strategy's vision for the borough.

Local Area Agreement

5.5   The Sustainable Community Strategy (SCS) is written in the context of the LAA which is an agreement between national government and the statutory organisations in a local area (county or unitary/metropolitan council areas) to focus on 54 key priority outcomes/targets over a three year period. Kent agreed its second LAA – the Kent Agreement 2 (KA2) – in June 2008. KA2 comprises four key blocks:

- children and young people,

- safe and strong communities,

- healthier communities and older people,

- economic development and sustainable communities.

5.6   Community Asset Transfer will be assessed in terms of its contribution towards outcomes associated with the adopted national indictors listed in the above blocks.

Maidstone's Asset Management Plan

5.7   The council's asset management plan has the following strategic objectives which are directly relevant to asset transfer:

- To ensure that the council's asset portfolio supports the delivery of its services and objectives.
- To meet the challenge of working in an environment of change.
- To ensure that all assets are demonstrably managed in the most economic, efficient and effective manner.

5.8   In terms of assets deemed surplus, the plan states that:

"Where surplus capacity in property or land is identified, its future use or disposal will be considered in accordance with the

council's priorities and within the planning framework. The opportunity to share with partner organisations will also be explored as part of the options appraisal process".

<u>Asset related projects</u>

5.9 The asset management plan has identified a number of asset related projects that will be pursued including:

 "Future management of community halls such as Senacre Hall, Heather House, Oakwood Community Centre and Fant Hall in line with the Quirk Review of community management and ownership of public assets"

5.10 In looking to the future arrangements for community halls in the borough the council in paragraphs 7.14 and 7.15 of its asset management plan has committed itself to adopting an approach of greater community management of such assets, within the framework of appropriate lease arrangements and service level agreements and aided by a supportive framework for training and guidance delivered by the council.

Principles Underpinning Community Asset Transfer

<u>Meeting Corporate Objectives and Community Need</u>

6.1 CAT proposals must be capable of making a contribution to the strategic aims of the council as expressed in strategic documents such as the Sustainable Community Strategy and Council Strategic Plan. CAT proposals must also be capable of demonstrating a need for the services to be delivered.

<u>A Proactive Strategy</u>

6.2 The council will assist in the needs assessment process by working with stakeholders (e.g. the LSP, third sector organisations, umbrella organisations and other public sector service providers). The aim will be to establish current performance and to compare this with need in the borough in order to identify gaps to be closed by mechanisms which could involve CAT.

<u>Social Inclusion</u>

6.3 Any CAT proposal will need to demonstrate that it encourages full community participation across all sections of the community, particularly in relation to equalities issues. Proposals which include the co-location of community services comprising a spectrum of public and TSOs (Community Hubs) will be encouraged in this context, as will Community Anchor

Organisations[4] taking a lead role on behalf of the community in the CAT process. Single Purpose/Service TSO providers will normally be discouraged from bringing forward proposals in isolation.

<u>Viability and Management</u>

6.4   The capacity of the TSO and the asset to deliver viable services will be a fundamental consideration.

7. Assessing Community Asset Transfer

7.1   All CAT proposals will be appraised against other options for the asset(s) in question. In assessing proposals, the council will attempt to measure the relative benefits and risks of each option in order to justify its decision and the level of the discount (if any) proposed.

7.2   Critical to the success of any transfer is having a clear rationale backed by a robust business case. The main elements of the required business case are as follows:-

- How need for the proposed transfer and use of the asset has been identified - what needs will the transfer meet?

- Benefits case as a result of transfer - what will be different and how it will be measured - agreed criteria to be set out.

- Capacity of the TSO to acquire and manage the asset - reference to any accreditations achieved e.g. Community Matters 'visible' standards or DTA 'healthcheck'.

- Business case for future uses for the asset e.g. cash-flow forecasts.

- Type of transfer sought and why.

- Statement from sponsoring department supporting the proposal.

- Terms of any Service Level Agreement.

- Capacity building plan and how this will be delivered.

- Details of how the proposed use of the asset will be monitored and details of 'fall back' arrangements should the transfer prove to be unsustainable.

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[4] For a definition of 'Community Anchor Organisations see the Community Alliance Web site http://www.comm-alliance.org/Communityanchors/

7.3 council officers will assist groups in preparing their business case.

COMMUNITY ASSET TRANSFER (CAT) PROCESS

The CAT process can be divided into the following stages:-

1.   **Community Needs Assessment**

Local community building need will be established by a process of auditing all existing facilities, whether owned/operated by the council, other public bodies or third sector organisations (TSOs).

Community buildings are defined as buildings where community led activities for community benefit are the primary use of the building and the building is managed, occupied or used primarily by third sector organisations.

The audit will seek to establish location, size, condition, suitability and utilisation of community buildings. A set of standards to be developed by neighbourhoods in conjunction with Planning will be applied to the results/audit information in order to establish any gaps in provision which need to be addressed.

2.   **Community buildings - options appraisal**

Where the community needs assessment identifies gaps in community building provision, consideration will be given to all possible options for closing the gap. These may include opportunities for rationalisation and development, including CAT.

3.   **Business case - CAT**

If a CAT opportunity is identified, a business case will need to be prepared. This will need to demonstrate that the proposal is viable and sustainable, and that it will deliver community benefits. Council Officers will assist with the development of the business case and the terms of a lease/service agreement.

4.   **Option Appraisal - CAT**

The council will consider the options of:

- do nothing (if applicable)
- transfer management to another council service (if appropriate)
- disposal at market value
- benefits arising from the CAT proposal (including an assessment of the non-commercial value arising from the transfer)

A CAT proposal will also need to be measured against other ways in which the objectives could be secured in order to ensure that the proposal is the best solution.

5.   **Terms of Transfer**

There will need to be flexibility in respect of the terms of the CAT because each situation will be different and therefore require different solutions. Arrangements from community management through to Community Ownership will be catered for by having agreements ranging from licences through to long leases. A 'sliding scale' of ownership by the TSO can also be employed in which greater ownership can be transferred if the capacity of the TSO to manage the asset and deliver community benefits increases over time. Any decision to limit the control of an asset will take account of the need of the TSO to raise finance. A similar process will apply in respect of CAT lease renewals.

Break clauses or review dates will be included in any CAT lease in order that terms of a service agreement can be realistically specified and legally robust. In some circumstances, where the length of lease needs to be longer, e.g. in order to satisfy a significant borrowing requirement to refurbish/develop the asset, a longer lease might be considered. In such cases the TSO will be required to enter into an intention of the party's agreement which will be less specific in terms of required benefits.

6.   **Monitoring Benefits and on-going support**

The benefits arising from the CAT will need to be monitored over time in order that an assessment of projected versus achieved benefits can be made. In this regard a service agreement will normally be entered into which will sit along side the licence/ lease and which will define the anticipated activities and community benefits to be provided. The service agreement will also set any on-going capacity building support to be provided by the council to enable the TSO to successfully manage the asset in the long-term.

Community Asset Transfer Policy-Assessment Template

ASSET DETAILS

Name and address of asset (including ward)	
Asset register reference number	
Current status (as indicated on the asset register)	
Major use (as indicated on the asset register and as zoned in planning terms)	
Scale and scope of the asset (include a brief description of the physical asset, include size and estimated "market value")	

CRITERIA

(1) Summary of proposal and recommendations

Summary	Yes	No	Specify relevant details
Has the organisation(s) expressed an interest in the asset?			*Add details, including name and relevant information of the organisation*
Does the organisation specify what the asset is wanted for?			*Add details from table 2*
Does the organisation have a business case supporting their proposal?			*Add details, including an assessment of the viability of the business plan*
Does the organisation have the capacity to take on the asset?			*Add summary from table 3*
Are there sufficient benefits arising from the proposed asset transfer			*Add summary from table 4*
What are the risks of the proposed asset transfer (from table 5)?			*Add summary from table 5*

Are there any other organisations competing for the transfer?			*Add details, including name and relevant information of the organisation, what they want the asset for and any proposed terms of transfer. If more than one are these mutually exclusive?*

Recommendation: Based on this information is there any reason to conclude a) this is potentially a suitable proposal for asset transfer b) that the proposal requires more detailed assessment or c) that the request(s) received is unsuitable.	*Specify, citing the main justification for any conclusion.* *If there is more than one proposal for future use, are these mutually exclusive, what needs to happen in order to progress these?*

(2) Current asset use and circumstances

Details of use and circumstances	Yes	No	*Specify relevant details.*
Is the asset currently occupied?			*Add details including: Name and relevant information about occupants; length of time of current occupancy; any lease arrangements;*
Is the asset currently used?			*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*
Is the condition of the asset known?			*Add details, with estimated costs of any repairs/maintenance. Identify how recent this information is.*
Is the asset suitable and/or sufficient for its current use?			*Add details, including whether the asset complies with the Disability Discrimination Act. What is the most suitable use for this asset?*
Is there any other organisation affected by the ownership of the asset?			*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.*
Does the council have any plans for the asset?			*Add details.*
Are there any other circumstances directly relevant to potential transfer?			*Add details, for example housing stock transfer, existing contractual or financial obligations on the asset, covenants on the asset etc.*

Conclusion: Based on use and circumstances is there any reason to conclude that this asset should not be transferred?	*Specify, citing the main justification for any conclusion.*

(3) Organisational Health Check

Details of Organisation	Yes	No	Specify relevant details.	Score 1-5 (1 lowest: 5 highest)
Does the organisation have a Constitution?			*Add details*	
Is the Organisation a Registered Charity?			*Add details*	
Is the Organisation a Registered Company?			*Add details*	
How long has the Organisation been established?			*Add details*	
How is the Organisation managed?			*Add details*	
How is the Organisation governed?			*Add details*	
Does the Organisation have an equal opportunities policy?			*Add details*	
Does the Organisation have insurance?			*Add details*	
Does the Organisation have an Annual report?			*Add details*	
Does the organisation have audited Annual accounts?			*Add details*	
Is there a supporting statement available from 2 referees?			*Add details*	
Does the Organisation have the necessary expertise to take on the asset (now, in future)?			*Add details*	

Conclusion: Based on this assessment is there any reason to conclude that the organisation is unsuitable for the proposed asset transfer?	*Specify, citing the main justification for any conclusion.*

(4) Benefits

What are the expected benefits of transferring the asset?

Based on current information, would transferring the asset:	Yes	No	Specify relevant details.	Where possible quantify the benefit or Score 1-5 (1 lowest: 5 highest)
A place which has strong, healthy and safe communities				
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				
Complement existing services or activity in the locality or other potential asset transfers. Potential to establish a "hub" of activity with benefits "greater than the sum of parts"			*Where there is a link to anther potential asset transfer this should be identified and the assessment of each linked.*	
Fill a gap in provision locally				
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"			
A place to achieve, prosper and thrive			
Bring additional investment into the borough (e.g. through grants unavailable to the council)			
Improve existing economic activity within the local area			
Encourage social enterprise			
A place with efficient and effective public services			
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)			
Present an opportunity for a 'non-operational' asset to be used		*Identify any opportunity costs that would arise from using the asset in anther way, including sale at the market value.*	
Represent the best use of the asset			
Create efficiency savings			
A Place that is clean and green			
Present opportunities for environmental improvement			
A place to live and enjoy			
Provide additional opportunities for the public to enjoy the asset.			

32

Conclusion: Identify the main expected benefits of transferring the asset. How do these benefits meet council priorities or LAA targets?	

(5) Risks

Based on the current information, what are the key risks involved in transfer:	Yes	No	*Specify relevant details. What mitigation might address this risk? Include details of any third parties that could be involved.*	Where possible quantify the risk or score 1-5 (1 lowest: 5 highest.)
Potential to disadvantage particular individuals or impact negatively on the local community or communities of interest.			*For example, what is the potential impact on current users of the asset?*	
Potential for a negative impact on community cohesion			*What is the potential impact of transfer on the local community? Are these existing tensions affecting the community?*	
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 the community benefit (e.g. restricting use, modifications and/or sale of the asset)*	
Capacity of recipient to the asset			*What level of expertise in facilities management exist within the potential recipient? What is the capacity of the recipient to take on the ownership and management effectively? From table 3.*	
Potential for the asset to become a financial liability for the 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?*	
Capture of asset by unrepresentative/extremist minority			*Are there safeguards 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 effect trade between EU member states*	
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?*	
Potential for ongoing Council liability			*What are the implication of the transfer in terms of maintenance and health and safety? Are responsibilities clear? What are the insurance agreements?*	
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?*	

Conclusion: Identify the key risk(s) involved and mitigation that might address this. Identify the residual risk that remains	

Advancing Assets for Communities

A Guide for Voluntary Organisations

Introduction

Maidstone Borough Council is developing an asset transfer strategy in relation to a number of community buildings under its control. This project was initially focused on Heather House and Park Wood Plus, however the scope has been widened to deliver a generic guide for any local voluntary community group or organisation considering taking over a physical asset.

While every case of asset transfer is unique there are a number of standard key questions to be asked. This guide sets out those questions and suggests sources of further information and support.

Methodology

In order to make this guide relevant to Maidstone, a number of steps have been taken to ensure the guide is locally focussed and is in line with current council policy.

A number of meetings have taken place with Council staff that set out what they hoped the project would achieve and gave guidance on the local context. Following those meetings a visit was made to Park Wood Plus and half a day spent with the manager and staff including a visit to Heather House. Following a further meeting with the Chairman of Trustees at Park Wood Plus a Scoping Document was produced to which all parties agreed.

A seminar on the council perspective of the transfer was held. This process of information gathering, meetings, visits and seminars was carried out over a two month period from January to March 2009.

Structure of the Guide

The guide has two main sections: Project Management and Stakeholder Management, and these are further divided into ten key areas. The ten sub-headings are not meant to be prescriptive in relation to the order in which they are approached. Circumstances will dictate that some may need to be taken in a different order and some will need to run concurrently with others. This is acceptable as long as all of the key questions are answered before any commitment to proceed is made by the voluntary organisation.

What matters is that the guide provides a framework that leads to the organisation having a firm base from which to move forward.

Executive Summary

This guide is designed to be used by any third sector organisation working on an asset transfer project with Maidstone Borough Council. It is based on best practice in the sector and is written to complement the recently adopted policy on asset transfers.

In essence it offers a ten point plan to the organisation seeking to receive the asset setting out under each heading the questions that they ought to ask and some pitfalls to avoid. The ten points are divided into two main groupings, project management i.e. the process, and stakeholder management, i.e. the flesh and blood element of doing such a deal. The ten points are:

Project Management

1. Capacity Audit
2. Recruitment, Induction and Training
3. Handover Terms and Conditions
4. Mapping Local Supply and Demand
5. Creating a Business Plan
6. Fundraising

Stakeholder Management

7. Politics
8. Community Engagement
9. Keeping staff informed
10. Working with Funders

Summary

By following this guide and working closely with MBC officers and members any local group should have the framework to work through an asset transfer with confidence. The intangible element of goodwill is present in the authority and this is likely to ensure that the journey towards a successful transfer is one where all partners learn together and strive collectively for long term community benefit.

Project Management

There are a number of activities that need to be carried out prior to making any commitment to manage an asset. They may be considered as due diligence in ensuring that neither the organisation, nor the community it serves, will suffer as a direct result of the transaction.

1.   Capacity Audit

It cannot be over-emphasised that an organisation needs the capacity within its staff and trustees before it attempts a complex project such as managing a community asset. In this case capacity means both the time and the skills to carry out the duties effectively.

1.1   Time

The management, administration, cleaning etc of a community asset all take time, and usually more than is first anticipated.

a.   The workload of the current staff team must be carefully assessed to ensure it is running as efficiently as possible and any overlaps or duplications are eliminated.

b.   Then a detailed forecast must be made of the time necessary to run the building successfully. Care must be taken to include time spent showing prospective users around the building, time spent chasing quotes for services and debtors for their late payments, and of course as some work is likely to be out of hours there may be a commitment to flexi-time to take into consideration. It is tempting to say 'do this analysis and then double it' but by carefully working through all of the duties involved it is possible to come to a figure accurate enough to proceed with confidence.

c.   At that point it is necessary to map the new work onto the existing staff team and note the remainder: this is the work that will require new staff to be employed. Job design is important and at this point that some roles can be redefined through consultation and agreement to provide individuals with richer and more fulfilling roles and create a structure that will support future personal development and promotion opportunities.

c.   A similar exercise should be carried out in the board room. It is possible that a sub-committee may be needed to first negotiate the transfer and then to oversee the management of the asset. Have the trustees got the time available to take on this new and possibly onerous commitment? Assumptions should never be made when considering these questions, trustees are usually very busy people outside of their work with any single organisation and often they are juggling a number of conflicting

commitments. Care must be taken to take the same time and care in assessing the trustees as is taken with the staff.

1.2   Skills

    a. Managing a building that may offer services to the public such as sporting facilities, childcare or public function rooms requires a specific skill set and often a degree of training or experience. If these are not available within the staff then they must be sought from outside. Similarly, managing an asset is often more public-focussed than many people realise when considering the role and this also needs a person comfortable dealing with the public in a sales / hospitality environment.

    b. Facility and financial management are professions within themselves are often outside the reach of a small organisation taking on its first building and therefore yet to build up the necessary income streams and reserves to employ such specialists. These skills must be available, but not necessarily on the payroll. Organisations might wish to partner with others in the sector to combine their back-office functions thus spreading best practice and saving money. Alternatively, these skills are always available within the local authority and it may be possible to build into any final arrangement that there is a clearly defined protocol allowing access to these services.

    c. The strategic skills within the trustee team would need to include some element of property management allied with a sound financial awareness. The board's commitment will be clear in their decision to even attempt to take on a building, their skills in leading a potentially untried staff team through such a transition to future success will probably be less visible. An audit of the board's skills should be made, there are a number of toolkits available from the NCVO, and then a plan drawn up to address those deficiencies.

2.   Recruitment, Induction and Training.

This element follows on from the skills and capacity audits carried out at stage one. There should now be a clear idea of what skills are needed and whether the gaps are within the staff, the trustees, or both.

    a. Before drawing up the job description, person specification and job advert it is important to take time to adopt a broad view of what this stage means. For example, before recruiting from outside is there anyone currently employed who, with the necessary training and coaching could take on a more challenging role? Staff development is after all a core role of voluntary sector organisations.

    b. Also, consider the wage levels being offered for the new roles. Are they in line with current wage rates and are they pitched at

a local average? Some of the posts may be skilled or managerial in nature and therefore attract what looks like a high salary. How will this be perceived by staff, funders or the local community? It may be necessary to engage with these stakeholders (see section two) before actually going to press to ensure there are no misunderstandings at a later date.

    c.   For both new staff and new trustees there should be a prescribed plan for recruitment, induction and training. These elements should be clearly planned and costed – in terms of both time and money – and then adhered to as closely as possible. Such a major project is often a crossroads for smaller voluntary organisations and can be taken as an opportunity to make a fresh start with incoming personnel if required.

3.   Handover Terms and Conditions.

It is in the process and the act of legally taking control of the building that the voluntary sector organisations find themselves at the greatest disadvantage. The local authority employs lawyers, surveyors, building managers etc and they retain the history of the building. The voluntary organisation will have common sense, an open mind, and a desire to proceed.

    a.   Clearly the correct course of action is for the organisation to get legal advice. However this does not come cheaply and there may be a need for the authority to contribute towards the up-front legal costs even if there is an element of repayment from profits set into the handover contract.

    b.   Further, it would be highly beneficial for the organisation to engage someone who has managed the transfer process before, in this case there is no substitute for experience.

It is impossible to cover all of the questions that would need to be covered during this process as no two negotiations are the same however there are a number of common factors inherent in every deal.

    c.   Be clear about every word and clause in the document, this protects both sides. If phrases such as 'dilapidations' or 'full repairing and insuring' are in any way unclear then have them set out in writing before proceeding. The question isn't whether something has been written, or even whether it has been read, it is whether it has been understood by all concerned.

    d.   Understand the state in which the building will be presented and how it must be maintained. Within this area lies the greatest potential for hidden costs. For example, if it is known that there is asbestos in the building then be very clear how and when it will be dealt with.

e.   Pay close attention to the financial side. If this element does not stand up then it is the deal breaker and the voluntary organisation should walk away. It suits neither party to transfer an asset on a wing and a prayer only to find that within a short space of time it needs to be handed back. There is of course a presentational and political aspect to the process and both sides must be satisfied that their objectives have been met both in the short- and longer-term.   Some key questions would include:

  o   Is there a payment, in either direction, on completion?
  o   Are there any standing, maintenance or statutory charges to consider?
  o   How will rates be dealt with?
  o   Does TUPE apply to any staff that may be transferred? Etc
  o   A clear cash flow forecast should form part of the business plan that accompanies the exercise.

4.   Mapping Local Supply and Demand.

This is essentially market research so that the organisation can make well founded assumptions in relation to expected income and also of community benefit.

a.   There are two strands to this process, the first is to ask the local community what services they would like to see being offered from the building, would they support them, and would they pay for them. If so, how much? The data is never 100% accurate but if it is done face-to-face in a doorstep survey or street questionnaire fashion then the results will be dependable enough for solid assumptions to be made. This will give you an impression of the initial demand, of course it would be hoped that a successfully transferred, and then well used, building would change people's habits and their patterns of use might change over time. It is important to follow-up any early surveys with accurate usage data then regular larger scale investigations into how the services might improve. The cost of this should be built into the business plan.

b.   The second strand of the mapping exercise is to get a detailed list of all other service providers in the area. It is essential that the organisation is clear who is doing what for whom, where from and at what cost before planning any provision of their own. Look at other voluntary organisations as well as the statutory sector and don't forget the outreach wok done by local colleges and churches. This way all planned services will be complementary, avoid any overlap or duplication, and begin to create the all-important partnerships and alliances that ensure value for money and maximum community benefit.

5.   Creating a Business Plan.

A business plan gives form to the thoughts and intentions of the organisation and it shows other interested parties the professional manner in which the transfer is being pursued. In many ways it is the tangible output of all of the other elements of this guide in that there will be a section for the finances, a section for planned services leading into how this will provide benefit to the neighbourhood in partnership with other agencies and so on.

While the plan will be broken into its relevant chapters it should have a golden thread of continuity running through it that shows why the organisation wants to take on this responsibility on behalf of the community. It sometimes happens that groups get bogged down in the detail of the process and become sidetracked from the main issue of improving the standard of living in the local area. The plan need not be a work of art or read like a text book but it does need to be well thought through, understandable, practical and accurate.

There are scores of websites that give help in compiling a business plan but it is important to bear in mind that the plan must be owned by the authors and all those concerned with its construction and implementation therefore read whatever guidance is available then modify the ideas to suit local circumstances.

6.   Fundraising.

Flowing from the recruitment and training needs, the terms and conditions of the handover, the services suggested by the local surveys, and then the costings being shown in the business plan are the financial requirements. The good news is that at this point it will be very clear how much is required and for what purpose, the difficulty is that the number of funding sources is dwindling and competition is fierce.

Most funders prefer to receive a consortium style of bid as it shows that organisations have done their research and the likelihood of their services actually being required is greatly increased. That will be the case in any asset transfer situation as the local authority will clearly be co-signatories to a bid as would any partner organisations with whom there have been discussions about the provision of complementary services.

Where to look for funding and how to construct the bid will depend entirely on the market at that time. At the time of writing the recent enlargement of the EU, the current recession and the forthcoming Olympics all combine to make money scarcer. As time progresses this situation will ease. While there is some merit in engaging someone to identify potential funding streams, and even then to provide a draft bid, it is worth remembering that many CVS' and local authorities have free funder finding software and that no-one will tell the organisation's story quite as well as them selves. This is one area where often the personal approach works best.

Stakeholder Management

The next four points are more of an aide memoir than a 'how to' guide. Stakeholders may appear to be external to the project but they can make or break its success. Each group is the most important and no group is more important than any other. In solving that conundrum organisations will facilitate a successful transfer.

7. Politics.

All assets being considered for transfer are publicly owned and therefore in safekeeping for the community as a whole. There may be a notion that in their current state they are being underused but the fact remains that elected members have a duty to see that public property is handled properly. There will be a steady steam of questions, meetings and what look like delays but they are actually good governance. Voluntary organisations must understand the rhythm of public life and take every opportunity to forward their case and build support.

Ward Councillors, Cabinet, full Council, and key officers will all benefit from regular updates of clear, timely information. The relationship does not end at the moment of transfer and regular channels of communication must be maintained throughout the lifetime of the agreement.

8. Community Engagement.

Within the community lies an organisation's customers, supporters and greatest critics. Engagement about the project cannot begin too soon or be too detailed. Good community development techniques will enable different approaches to be made to different people at different times thus ensuring that the message is always fresh and that the feedback is broadly-based and up-to-date.

Community benefit is at the heart of the project so there must be regular input from users and potential users and sight must never be lost that if the local population aren't feeling the benefit of the asset transfer then all other measures of success are a falsehood.

9. Keeping staff informed.

Taking on a new asset is a change in any organisation's life and change often produces stress. The stress can be managed by constant and open communication with all staff concerned, and in this case there at least four constituent groups within 'staff'.

   a.   First there are those that currently work for the organisation and wonder what the change will do to them and their jobs. This group includes, of course, all volunteers and they should be treated in precisely the same way as paid staff.

   b.   Second there are those who may be employed within the current structure of the target asset and they will be wondering the

same thing, including having worries about redundancy, TUPE etc.

    c.   The third group are those who are currently at the margins of the project but can see that opportunities may arise and are keen to become involved when they do.

    d.   And finally, but by no means less important than the preceding groups, are the trustees both current and future.

While trustees may be aware of the strategy they have agreed to follow they may be unaware of the outcome of the latest meetings. Staff may have heard on the grapevine what's happening in general but no have the bigger picture. It should not be assumed that anyone, expect perhaps the lead person in the process, is in possession of all the salient facts. It is therefore necessary to hold group meetings, 1-2-1 meetings, have a notice board, send memos and e-mails and anything else that might support a clear and consistent message getting to all of the staff.

If the message is consistent, accurate, full and timely then it is impossible to over inform.

10. Working with Funders.

It is highly likely that the support needed for such a multi-purpose venture will require a cocktail of funding from a number of different sources. It is therefore necessary to be aware that each funder will have slightly varying needs and that these needs must be met to ensure a positive ongoing relationship.

Time must be taken to ensure that all monitoring requirements in place, and fully accounted for in the financial projections, and that the periodic returns to the funders are on time and make their life as easy as possible. It must be borne in mind that the use of the building is likely to change over time and therefore the use to which certain funding streams are to be put may need to be amended by mutual consent. This will not be possible unless good relationships have been maintained. It is often said that if you want to find out where the real power lies in a private organisation you simply 'follow the money'. Using the same maxim in the not-for-profit sector leads you either to your funders or your customers.

MAIDSTONE BOROUGH COUNCIL

CABINET

14 OCTOBER 2009

REPORT OF ASSISTANT DIRECTOR OF CUSTOMER SERVICES & PARTNERSHIPS

Report prepared by Ian Park

1. REVIEW OF COMMUNITY HALLS IN THE BOROUGH

1.1 Issue for Decision

Cabinet is asked to consider the attached report on community halls in the borough, commissioned by the council as an initial step towards an audit of all such halls in the borough.

1.2 Recommendation of the Assistant Director of Customer Services & Partnerships

1.2.1 It is recommended that Cabinet:

1.2.2 Agree that a review of community halls in the borough be undertaken, in order to establish a strategy and framework for delivering community hall provision, that achieves the objectives of a balanced budget in respect of the council's funding of community halls and an appropriate and sustainable network of good quality community facilities across the borough based on equity of provision.

1.2.3 Agree that the decision on how to close the funding gap in respect of the council's community halls be deferred until the full audit.

1.3 Reasons for Recommendation

1.3.1 The council's community halls are currently incurring a funding gap of approximately £30,000. This is likely to be brought down to £13,000 in 2010/11 once the proposed lease of Senacre Hall to Kent County Council as a skills studio is successfully concluded. Following an options report to Cabinet in February 2009 and a call-in by the External Overview and Scrutiny Committee, it was agreed that a review of community halls in the borough be carried out in order to establish the current position of community halls, their locations, lease arrangements, a snapshot of their operating financial position and examples of best practice which might be shared. The council's draft community asset transfer (CAT) process refers to the need to audit

existing community buildings and the commissioned report was also intended to provide the first step in this process and more broadly to establish a strategy and framework for delivering community hall provision. The council commissioned Action for Communities in Rural Kent (ACRK) to produce this report. The report is attached as **Appendix A**.

1.3.2   As recommended in the ACRK report, a full audit and review of all community halls in the borough will be carried out, with the aim of developing a set of consistent standards in respect of them, reporting to Cabinet by spring 2010. This will provide a mechanism to remodel and consolidate provision in order to achieve greater economies of scale, create potential for sustainability and establish a closer link between provision and community need. Data relating to community halls will be mapped against local populations and settlements using the council's GIS system. Information will include internal facilities and condition, geographical reach, range and breadth of activities and community support, and communities and community subsections served. This process will enable the council to make strategic decisions in respect of the management and development of its community assets and to ensure it is providing value for money.

1.3.3   Officers were invited to attend a meeting of the Environment and Leisure Overview and Scrutiny Committee on 22 September to discuss the ACRK report. The Committee reviewed and discussed the proposals regarding the review and did not take up the offer to participate in or contribute to the proposed review.

1.4   Alternative Action and why not Recommended

It would be possible to make a decision on how to close the funding gap in respect of the council's community halls independently of a full audit and review and the development of a set of standards. However, it is considered that a more effective strategic decision can be made following an audit and review which will establish a strategy and framework for delivering community hall provision. The community asset transfer (CAT) process refers to the need to audit existing community buildings as a prerequisite of any transfer. CAT is one option to help reduce the funding gap.

1.5   Impact on Corporate Objectives

The council has, as key priorities, creating "a place that has strong communities" and "a place with effective public services". Reviewing the services the council provides to ensure they meet the needs of local people and provide value for money is a key objective.

1.6   Risk Management

There are reputational and financial risks associated with responsibilities for the management of community halls. These include matters relating to equity of treatment, consistency of approach and financial sustainability. These will be mitigated by the report's recommendation.

1.7   Other Implications

1.7.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	X
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	X

1.7.2 Development of a strategy and framework within which decisions can be made regarding how to close the funding gap is proposed in this report.

1.7.3 The proposed audit and review will take into account equality issues such as accessibility.

1.7.4 The outcome of the proposed review will be incorporated into the council's asset management strategy.

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision?   Yes [ ]   No [X]

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision?   Yes [ ]   No [X]

Reason for Urgency

Community-owned Halls in Maidstone Borough

Action with Communities in Rural Kent, The Old Granary, Penstock Hall Farm, Canterbury Road, East Brabourne, Kent TN25 5LL. 5th June 2009

1. Introduction

 Maidstone Borough Council commissioned ACRK in March 2009 to produce a report on the current situation of community halls in the Borough. The brief was to identify the halls, their locations, their lease arrangements and to provide a snapshot of their operating financial position as well as to provide examples of practice which could be shared. The council's draft Community Asset transfer (CAT) process refers to the need to audit existing community buildings and the report was also intended to help provide the first step in this process.

 This report focuses on the community-owned/run halls (usually village halls) across Maidstone Borough.   It also seeks to identify lessons and good practice which are either
   a) transferable to communities that might take on assets from the Borough Council (or other public sector organisations)
   b) worthy of further investigation

The report does not cover Beechwood Hall, which is still in the hands of developers, Fant Hall, Senacre Hall and Heather House for which the Council has overall responsibility and Harmony Hall which is run primarily as a community arts centre.

The report is based upon primary and secondary research which, in turn, has produced the following headline information painting a generally positive picture of their operations at Borough level (see Appendix 1).

- Community-owned halls in Maidstone Borough generate more income than the England-wide average, levels standing at 131%
- Conversely, those same halls spend more money than the national average, levels standing at 123%
- Halls in Maidstone Borough enjoy income running at 105% of expenditure levels; nationally that figure is just 98% and indicates that operating surpluses do exist in some instances
- 71% of halls in Maidstone Borough generated a surplus during the reporting period; the remaining 29% recording an operational loss
- A broad range of income generating activities were undertaken by the hall management committees – these included operation of lottery, farmers markets, and training events as well as provision of services such as playgroups and sporting activity

1

- A range of key factors in operating an asset successfully already exist within, or are available to, many communities within Maidstone Borough. Hence the knowledge required to help communities who take on assets does exist in many areas of the Borough, though not necessarily in all.

2. Context

There exists the potential for community organisations to realise real gains for local communities by taking on the management and ownership of local assets[1]. This is evident in recent, and current, central government-driven initiatives designed to give local communities greater involvement in and ownership of decision-making processes. Examples of these initiatives have included:

- The Quirk Review *Making Assets Work*
- Government White Paper *Communities in Control*
- Establishment of the Asset Transfer Unit (led by the Development Trusts Association)
- Operation of the Advancing Assets for Communities demonstration programme (through a consortium comprising the Development Trusts Association, Local Government Association, Action with Communities in Rural England and Community Matters.)

The involvement of Action with Communities in Rural England (ACRE) in the latter is important to note as it operates the national Village Hall Service that supports Village Hall Advisors in the 38 rural community councils comprising much of the Rural Community Action Network (RCAN) across England; together this provides advice and guidance to groups running 8,900 already community-owned assets (village halls.) In Kent the service is delivered through the local rural community council (RCC), and RCAN member, Action with Communities in Rural Kent.

Maidstone Borough Council has representative membership of Action with Communities in Rural Kent under clause 3a of the latter organisation's amended constitution of 2004. This representative membership comprises two elected Members of Maidstone Borough Council, who receive information on at least a quarterly basis from Action with Communities in Rural Kent on issues affecting communities across rural Kent. Representative members are also invited to a range of events, on specific rural community matters, run by Action with Communities in Rural Kent during each year.

Maidstone Borough Council is a co-funder of Action with Communities in Rural Kent; during 2008/09 this funding totaled £6,000 - comprising 0.8% of the latter organisation's annual turnover.

Action with Communities in Rural Kent, established as the Kent Rural Community Council in 1923, draws a substantial portion of its own membership from organisations running

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[1] Local Government Association (2008) "Community Asset Transfer" on
www.lga.gov.uk/core/page.do?pageId=18787

community-owned assets already; indeed Action with Communities in Rural Kent has a sub-committee called the Kent Community Halls Committee (KCHC.) In turn the KCHC places a representative on the Management Committee of Action with Communities in Rural Kent itself. As such there is a direct link from the 8,000 user groups of the 400+ community-owned halls in Kent (from whom village hall management committees tend to be drawn) to the operational functioning and governance of Action with Communities in Rural Kent.

Community-owned halls are public buildings run by dedicated groups of volunteers, who have the responsibility for all aspects of management of the building in line with current legislation. In these instances the halls operate as charities and the management committee members are all trustees of the charity. These assets play important roles in their community as they provide a facility for social, recreational and cultural activity.[2]

Across Kent and Medway, the area served by Action with Communities in Rural Kent, more than 400 community-owned halls are known to exist. The majority of these halls (more than 320) are located in rural communities; this said Kent has the third largest rural population in England and covers the ninth greatest land area designated by Defra as rural too.[3]

Action with Communities in Rural Kent is aware of 35 community-owned halls within Maidstone Borough. Other halls, run by faith-based, youth and other organisations exist also but for the purposes of this report are omitted. The purpose of this report is to examine the 'state of play' with community-owned halls across the Borough, as opposed to those facilities run for differing purposes, highlighting income and expenditure alongside more innovative uses of buildings that both generate greater participation by the local community in an active life (which can help deliver Local Area Agreement and sustainable Community Strategy targets as well as simply improving the quality of life for local people) and generate income.

The report draws also on examples of good practice from outside of the Borough as well as recent national research highlighting crucial factors in the successful running of a community-owned hall.

It is hoped that the information presented in this report makes a positive contribution to informing delivery of the asset transfer agenda within Maidstone Borough.

3. Methodology

The report was compiled using a mixture of desk-based and site-visit research.

In the first instance, evidence from the Charity Commission and Action with Communities in Rural Kent was collated to gain an overview of the range of governing documents used by communities to manage their own assets.

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[2] Action with Communities in Rural England (2008) "ACRE's Village Hall Service" on www.acre.org.uk/community_assets_villagehalls_informationservice.htm
[3] Action with Communities in Rural England (2008) Rural Community Action Network Allocations 2009-11. Unpublished report, ACRE, Cirencester.

Secondly, Charity Commission returns were used to gauge income and expenditure of each community-owned hall committee across Maidstone Borough. This approach enabled the same, publicly available, information to be used so as to enable fair comparison between halls. These returns covered the most recent financial year available; in most instances this was 2007/08 but in some cases was 2006/07 or simply 2007. This discrepancy arose as not all halls shared the same financial year, and so returns were not yet due with the Charity Commission for some halls covering the 2007/08 period. Where halls had not submitted information to the Charity Commission (there are instances in some parts of Kent of these returns being more than four years late) data was not included. This allowed a picture to be created of the total and mean average income generated by halls which could be compared to figures generated elsewhere – both in terms of actual income and the relationship between income and expenditure.

Thirdly, major works over the period covered by the accounts provided to the Charity Commission were taken into account. No halls had undergone a major refurbishment or rebuild during this period. Many halls had undertaken essential repair and maintenance work however, two of which were known to expend more than £10,000 on such activity. As such, the data collected is predominantly concerned with day-to-day hall operation.

Fourthly, the Action with Communities in Rural Kent internal staff reporting system "Trevs" was interrogated to examine the support provided to community hall management committees in Maidstone Borough during 2008/09.

Fifthly, a range of major research and policy documents were examined in order that local findings might be placed in some context. In particular the operation of community-owned halls within the 'community empowerment' and 'asset transfer' agendas was examined, as was research undertaken to examine the financial aspects of running a community-owned hall. This latter aspect provided pointers to the ingredients for some success in operating a community-owned asset.

Finally, fieldwork by Action with Communities in Rural Kent staff, plus telephone conversations, were used to unearth good practice examples from around Kent that might illustrate what can be done in terms of novel service delivery and income generation by communities who do own their own assets.

Together, the above six elements generated:

- Data on governing documents
- Financial information
- Case studies highlighting innovative or good practice
- Suggestions for "a way forward."

This information revealed is set out in the next section of this report.

4

4. The findings

4.1 Governance

All of the halls surveyed can be regarded as community-run, with an independent management committee comprising trustees drawn largely from user groups at the helm – however the governing documents of operation did vary.
- 5 halls ran to an adopted constitution[4]
- 3 halls ran to a conveyance[5]
- 5 halls ran to a declaration of trust[6]
- 4 halls ran to a lease and trust deed[7]
- 5 halls ran to a Scheme[8]
- 4 halls ran to a trust deed[9]

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[4] A Constitution sets out the governing arrangements for management of a not-for-private-profit body such as a charity. Adoption is required, normally through a formal process involving members of the group becoming the not-for-private-profit organisation, in order that a constitution can become the governing document of the said charity. Constitutions are often to be found where the community-group running the hall may not be its owners, and thus the documents (in those instances) concern governance of the community association or hall trustee body principally – of course these bodies may contribute to operational, maintenance and other costs associated with the asset. Seek legal opinion for a full definition and operational context.

[5] A Conveyance is a document transferring ownership interest in property from one person or organisation to another. It is normal for a conveyance to name individual persons, and not unusual for such persons to remain named after they have moved away from a community or become deceased; such situations can prove problematic when dealing with future matters such as asset disposal, property development etc. It is also normal for individual trustees to be named at the setting up of a conveyance, trust deed or scheme and that these persons remain trustees until the first Annual General Meeting, at which point their responsibilities pass to the trustees forming the management committee and individual responsibilities are passed to a corporate body such as the Official Custodian of Charities. For village halls conveyances can be in place, for example, where the building is actually owned by one organisation but its operational responsibilities are transferred to other named parties such as specific users of the property. Sometimes this occurs where, for example, a former church property might be bought by a parish council (who will then hold deeds) but the conveyance drawn up at that point will also state that the building be only used as a village hall and run by named trustees comprising of representatives of village organisations. Seek legal opinion for a full definition and operational context.

[6] Declarations of Trust are also known as Trust Deeds: see footnote 9 below. Seek legal opinion for a full definition and operational context.

[7] A Lease and Trust Deed situation can occur, for example, where a village hall charity already exists (thus has its own governing documents) but takes on property other than that from which it first operated and can only do so subject to a lease. A Lease is renewable; The Trust Deed is as set out at footnote 9 below. Seek legal opinion for a full definition and operational context.

[8] A Scheme, or 'Scheme of Commissioners' (this refers to the Charity Commission) can be used where it is not possible to run a hall due to outdated governing documents. The Charity Commission itself warns of the need for care in using such documents; appropriate legal advice is necessary before a hall may look to operate under a Scheme. Sometimes Schemes are used to delete an aspect of the original Trust Deed. Seek legal opinion for a full definition and operational context.

[9] A Trust Deed is a model document for management of a village hall. Copyright on the Model Trust Deed, as approved by the Charity Commission, is held by Action with Communities in Rural England (ACRE.) Two types of Trust Deed exist – one each for Freehold and Leasehold properties. Seek legal opinion for a full definition and operational context.

5

- 9 halls used other, singular, models
- All 35 halls were registered with the Charity Commission.

This variety reflected the individual circumstances of each community; as such there is no 'ideal' model which can be imposed when establishing a new facility or transferring an asset to the community. Much depends upon the local circumstance as well as the advice and guidance provided to the community and those supporting it. Further information on the types of governing document is available through the Community Halls Adviser at Action with Communities in Rural Kent. However, appropriate legal advice should always be sought when identifying the correct type of governing document for any asset to be transferred to community ownership.

4.2 Income and expenditure: general

Of the 35 halls surveyed, financial records for the report period were available from 31.

The 31 halls making returns to the Charity Commission had a total income of £674,552 and expenditure of £642,248. Jointly this represented an operating surplus of £32,304. 22 halls enjoyed operating surpluses; i.e. 71% of the known sample. By way of contrast, 9 halls reported an operating loss, the largest of which was £12,254. Income generating activities used by halls are outlined in section 4.5.   There are a number of reasons why expenditure may exceed income in a given year. For example a hall may been accumulating money for a specific purpose over a period of a few years and spending it in one year.

According to research commissioned by Defra, national mean average income for a rural community-owned building (normally a village hall) in 2007 was £16,427[10]. In the study commissioned as part of this report, the Maidstone this figure was £21,759, however it should be noted that this report uses data from the subsequent financial year. Should the Maidstone figures be in line with the national average it suggests that an annual rate of increase in income of 31% was generated in one year. Conversely, national average expenditure for 2006/07 stood at £16,841 with that in Maidstone for 2007 and 2007/08 calculated at £20,717, indicating annual increase in costs of 23% if halls in Maidstone had average expenditure. Annual inflation between April 2007 and April 2008 actually stood at 3% (Consumer Price Index) and 4% (Retail Price Index)[11] suggesting that both income and expenditure for halls in Maidstone existed at a higher level than was the case nationwide during the reporting period.

Further research would be required to discover why turnover locally is above the national average. Given that the GAV (Gross Added Value) per head of population in the Borough, an indicator of economic performance, stands below both UK and South East Region averages[12], for example, whereas rural population levels are higher, this is not a straightforward area of enquiry.

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[10] Rural Partnerships, CJC Consulting & University of Gloucestershire (2007) Research into the Funding of Rural Community Buildings and their Associated Benefits Defra, London
[11] Office for National Statistics (2009) www.statistics.gov.uk
[12] Kent Partnership (2008) Economic Performance 2008 Maidstone Kent County Council, Maidstone indicates that GVA per head of population for Maidstone Borough stands at £19,326. National Statistics

6

Nationally, therefore, it can be suggested that income levels generated by community-owned halls have a mean average of 98%. Halls in Maidstone Borough perform slightly better, with income running at 105% of running costs.

4.3 Sources of income by type

Sources of income were varied – however the split in Maidstone Borough, where known, was similar to the national picture unearthed by Defra. This meant that halls generated approximately 36% of annual income from lettings and hall hire. The remaining sums came from regular grants (5%), one-off grants and donations (38%), interest (2%), specific fund raising (11%) and other sources (8%). Income generating activity is dealt with in further detail below.

The Defra research had indicated a national average annual grant from local authorities (County, Unitary, District and Parish / Town level together) at £879 per hall. Defra do not have these figures broken down at a lower level so it is currently unknown how Maidstone Borough halls perform in relation to this.

4.4 Funding from Parish Councils

Most of the halls in this study are located in parts of Maidstone Borough that are parished (i.e. covered by Parish Councils.) It is understood that halls currently in the ownership of the Borough Council that have the potential to be transferred to community-owned status are not in parished areas; some examples of use, and potential sources of income generation adopted by halls in parished areas, might not be applicable or easily transferable.

The largest declared sum from a Parish Council, discovered in this survey, was a grant of £8,006 to a hall with annual income of above £40,000 per annum and an operating deficit of more than £5,000 (it should however be noted that this hall had undergone some major works in the last three years.) This figure of slightly more than £8,000 appears unusual in light of the Defra research however – that found grants made by Parish Councils varied between £75 and £5,000 per year and were usually given to help with maintenance.

Parish Councils are known to contribute towards development of new halls – usually by obtaining loans, such as a Public Works Loan, which are then paid off over a prescribed period of time. As no new halls were constructed during the period covered by this report, other than the construction of Beechwood Hall from a section 106 funded agreement with the council, there are no current examples of this. This said, at least one hall in Maidstone Borough has been co-financed in its development by such a contribution.

Parish Councils are regular hirers of village halls; for example, monthly meetings of Parish Councils tend to be held in these venues and they are the most common host for

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(2009) Regional GVA at www.statistics.gov.uk/cci/nugget.asp?=ID420 indicates that the UK average stood at £19,956 while that for the South East of England was £22,264.

7

Annual Parish Meetings though they cannot be said to be the dominant users (or thus hirers) of most halls; most have between five and twenty regular user groups which would indicate Parish Councils contributing between 5% and 20% of income in terms of hiring. Further research would be required to establish both frequency and benefits (direct and indirect) of Parish Council use, and hence any relative disadvantage to halls in non-parished areas.

<u>4.5 Income generating activity</u>

Given the scope of this study, it was not possible to examine the day-to-day financial records of the 37 halls. Statistically significant figures do not currently exist for precise sources of income for all halls, and so further investigation was focused on halls that either
- Generated larger incomes
- Endured higher levels of expenditure
- Saw wider surpluses or losses
- Were known to be involved in innovative means of serving their communities.

It was possible however, using existing knowledge, Defra-commissioned research, Charity Commission returns and the follow-up investigations to draw an overall picture, and then to illustrate ideas on income generating activity with some case studies.

Most regular income is generated through use of the hall; principally this is related to hiring space for sports, cultural and other uses. In some instances contributions are made by Parish Councils – occasionally this is tied to use of specific rooms within a venue for the purposes of a Parish Council Office (this activity is included in the "regular grants" category as opposed to "lettings and hall hire." It should be noted that legal considerations can be encountered in the letting of space to a public sector organisation however – this is something requiring of specialist advice on a case by case basis.) Typical hall hire, in turn generating income, includes:
- Parish Council meetings
- Essential local services such as playgroups, after school clubs, etc. which enable members of the community to participate in economic and social activity elsewhere (e.g. employment, training.)
- Essential leisure activities contributing to health and wellbeing of the population (e.g. short-mat bowls, dancing, badminton, bridge clubs etc.)

Most halls make themselves available for hire to large group events such as wedding receptions and parties. Some larger halls have found themselves able to hire to public and third sector agencies with an operating scope beyond the Borough itself, being the venue for workshops, conferences and even awards ceremonies.

Given that all halls within this study are operated as charities they are not, in the truest sense, profit making enterprises – the main thrust to income generation is to cover operational costs and establish reserves sufficient to cover measures set out in the reserves policy of the charity managing the hall. Specific budgets may be created for assignment to major refurbishment or even new build activity – however these tend to

8

be small as major works tend to be financed by dedicated grant programmes, charitable trusts or philanthropic benefactors. Given that most major refurbishments require a portfolio of funders, it is good practice to raise income locally to act as part of a 'match fund.'[13]

Having stated that halls are not, in the truest sense, profit making enterprises, they can and do generate income through innovative means. Some halls are able to undertake charitable trading, operate gaming services or run lotteries (all such activities require appropriate licensing, and advice can be provided on these through the Action with Communities in Rural Kent Community Halls Advisor.) Others are open to act as hubs for training provision or provide opportunities for retail services (e.g. community-owned shops, farmers markets etc.) to be available in communities where otherwise no service would occur.

Community-owned halls across Maidstone Borough are involved in innovative means of income generation which may be transferrable to halls not currently undertaking such activity, or those currently in public sector ownership which could be transferred as assets to the local community. An illustration of such innovation follows.

4.6 Case studies: innovative sources of income generation

Allington Community Centre recorded more than £40,000 of income (around 80% of total) as 'charitable trading.' This is a field that requires specialist support and can involve acquisition of appropriate licenses depending upon the activities undertaken; any hall wishing to generate income in this manner would be wise to seek professional advice; in terms of compliance with charitable purposes, that can be sought through Action with Communities in Rural Kent. Activity at Allington includes operation of gaming machines, pool tables, and running of bingo sessions. Trading at the Centre also includes operation of a bar.[14]

Activity at Allington Community Centre is overseen by a Community Association and it serves a predominantly urban (or sub-urban) population. If use is confined only to nearby population, this does give the hall access to a greater number of potential users. The hall recorded an operating surplus during the report period of almost £8,000.

Harrietsham Village Hall recorded an operating loss during the reporting period; however it did receive income (more than £5,000) from investments made by its management committee and had existing commitments to repay a £172,000 loan over a period of several years. It should also be noted that in the year prior to that covered by this report the hall made an operating surplus of more than £6,000.[15] This hall is one which hires out office space to the local Parish Council, thus providing regular income, usage and visibility as a hub in the community. The venue has also been hired by external bodies such as the South East of England Development Agency (SEEDA) for operation of training related to the EU-financed Rural Development Programme for

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[13] A 'match fund' is useful as many grant programmes will only provide a certain percentage of overall project costs, leaving the community to raise remaining sums themselves.
[14] Charity Commission website www.charity-commission.gov.uk
[15] Charity Commission Ibid

England. In part this comes from the hall enjoying relatively good transport links (being close to the M20 motorway for example.)

Headcorn Village Hall has enjoyed recent major renovations and, as such, is repaying a £180,000 loan from the Charity Bank.[16] This said, to help in generating income, a lottery entitled "Headcorn 200" has been launched. Headcorn 200 operates on the principle that 35% of income generated supports prizes and the remaining 65% is allocated to hall funds[17]. During the reporting year, Headcorn 200 provided £12,250 (13.6% of total income) to hall funds. This hall is also one of several around Kent to have been the host for a regular farmers market (outside the Borough, Shipbourne and Capel-le-Ferne are among the most successful at this – the latter also provides 'post office' functions, including assisted on-line services using local volunteers, despite losing the village hall-based Post Office as a result of the Post Office Network Change Programme in 2008.)

As is the case with Allington, Headcorn Village Hall serves a sizable local population.

Lenham Community Centre is one of the most modern in the Borough, and has the space and facilities to generate income perhaps not open to all halls. It generated more than £38,000 of its income from hiring (61% - well above the national average), but a further £17,000 was generated through the Litpro Project[18] (focused an training through the hall's own Information & Communication Technology Suite – outside the Borough similar facilities are available at such locations as Egerton.) Lenham Community Centre is also one of three venues in the Borough listed as used by Applause Rural Touring. Applause Rural Touring is a rural touring arts organisation affiliated to the National Rural Touring Forum; members of this help communities to promote arts events (theatre, dance, cinema, participatory activity etc.) by providing menus of touring acts and activities, training and support which enables the venues themselves to act as 'promoters' and ultimately generate 'box office' income from the events held.

4.7 Case studies: some illustrations of general activity

Use of general funds and surpluses to fund essential works: **Bearsted & Thurnham King George V Hall** recorded a loss of £4,092 – however it should be noted that during the previous year the hall enjoyed an operating surplus in excess of £19,000. The main change in circumstances during this reporting period was expenditure on repairs to the hall costing more than £16,000.[19] If anything, this demonstrates the need to allocate appropriate sums either to reserves or designated funds for maintenance work; as such money can be accumulated over a period of time to contribute to necessary works which will help keep the facility open and a resource for the local community.

Use of the internet to attract business and integrate with the community: **Detling Village Hall** website has reciprocal links with the Parish website (used also by the Parish Council and with pages for the local community's own 'community strategy' – i.e.

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[16] Charity Commission Ibid
[17] www.headcorn.org.uk/nvh200club.htm
[18] Charity Commission Ibid
[19] Charity Commission Ibid

its Parish Plan) as well as hall user groups, and includes its own on-line booking facilities, images for the benefit of those not familiar with the hall and location map.[20] This enables the hall to draw business from beyond the Parish itself.

4.8 The work of Action with Communities in Rural Kent with community-owned halls in Maidstone Borough during 2008/09.

During 2008/09, Action with Communities in Rural Kent provided direct support[21] to 79 community hall committees, as well as ongoing information and guidance to a further 200+, across Kent over the 141 days per year that the service is funded to operate. 13 community hall committees in Maidstone Borough received direct support, comprising 16.7 days work at a cost (to Action with Communities in Rural Kent) of approximately £4,050, were supported. This support work covered two main fields of activity:

- Advice, guidance and training – covering issues such as licensing, fire safety, duties of trustees, replacement of honorary officers, relationships between management committees and their hall user groups, and incorporation of eco-features in design.
- Implementation of quality management systems for committees; particularly roll-out of the national 'Hallmark' accreditation scheme (operated in Kent through Action with Communities in Rural Kent.)

This level of activity indicates that many hall committees in Maidstone Borough required less 'hands on' support than is the case in other parts of the county, which might indicate a level of good operational practice from which experience can be drawn when looking to transfer existing public sector assets to the communities in which these are located. It can be noted, however, than only one hall in the Borough has yet achieved the Hallmark Award (a quality systems standard for community halls, currently being rolled out nationally with central government funding; four further are pursuing accreditation), while six were found to be in arrears in terms of submitting appropriate documentation to the Charity Commission (only one of these is a member of Action with Communities in Rural Kent and this issue is now being dealt with.)

5. Four Key Actions

5.1   Facilitating and promoting effective hall management by local residents with useful skills

Community-owned buildings in Maidstone Borough appear generally well run; excess surpluses or deficits are not immediately evident and there is a good spread of essential local services being provided. The committees of volunteers running these halls are involved in a wide range of income generating activity – some of which is straightforward, although there are instances where specialist advice is required (if only

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[20] www.detlingvillagehall.co.uk
[21] Direct support is the service available to hall committees that are Members of Action with Communities in Rural Kent. This includes face to face advice and information, discounts on training events, and quarterly information sheets dedicated to community hall issues. Non-members are able to use a telephone service or pay higher fees for training events.

so that operations undertaken remain within the law.) This suggests that there is experience, and expertise, to draw upon in supporting any community which takes on an asset (e.g. a building) under the asset transfer agenda.

However it is acknowledged that in some areas it may be more difficult to identify residents with the confidence to take on management responsibilities for a community hall. This can be mitigated through council support for third sector organizations to facilitate this. It is also important that the management of the hall is achieved on a sustainable basis in order for it to thrive, and in order to facilitate this, additional support for a newly established management committee, particularly in the early stages of an asset transfer, should be considered.

Defra-commissioned research[22] has identified the key factors required in order for a community to achieve success in obtaining funding
- A good committee
- A person with the right skills to apply for funding
- Having a good case in terms of delivering additional benefits
- Determination.

Availability of support to provide these factors does exist in Maidstone Borough.
- In terms of a good committee, where gaps may lie, organisations such as Voluntary Action Maidstone, Kent CAN (through a contract with Voluntary Action West Kent) and Action with Communities in Rural Kent, provide specialist support and training to groups on a range of governance, leadership and management issues. A key question that does arise here concerns the existing capacity of these organisations to provide ongoing support (e.g. the community halls service provided by Action with Communities in Rural Kent is only funded to operate for a limited period each year) and what investment is required in the communities themselves that may take on assets (or leases) currently in Maidstone Borough Council ownership.
- In terms of the right skills, the 'Funding Buddies in Kent' project, operated by Action with Communities in Rural Kent – with specialist support provided geographically by councils for voluntary service (Voluntary Action Maidstone in this instance) – is to train-up a series of volunteer mentors across the county to help more communities be able to generate and manage income for local activity. This builds upon as two year pilot operating principally on Romney Marsh and the Isle of Sheppey designed to help 20 groups but ended up supporting more than 120 (generating an 80% success rate in funding applications – a small number of which were community halls.)[23]
- Maidstone Borough Council, Kent County Council, SEEDA, the Office for National Statistics et al hold data which can be used to demonstrate need and potential benefit.
- Any community running its own affairs is already demonstrating a degree of determination.

5.2 Supporting third sector organizations in developing asset management skills.

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[22] Rural Partnerships et al (2009), Ibid.
[23] For further information visit www.fundingbuddiesinkent.org.uk

12

According to early findings from the Central Government Community Asset Fund, asset transfer can help to achieve wider empowerment objectives (as set out in recent Community Empowerment and Local Government White Papers for example), and to do so in a more strategic way than had generally happened in the past[24]. Good asset transfer involves

- a close and continuing relationship between the local authority and the third-sector (in this case 'community') organisation taking on the asset
- support for the third-sector organisation (community) during and beyond the process
- focusing on the potential for maximizing the leverage of further funding from other sources.

In Maidstone Borough elements for enabling each of these three areas exist – for example:

- The Borough Council owns assets and has commissioned work to examine transfer of assets to communities it is working with
- Specialist community buildings advice is available to a community, through Action with Communities in Rural Kent (and, beyond that, the national Village Hall Service), during and beyond the asset transfer process
- Experience from management of other community-owned assets exists which could be brought to support any community in Maidstone Borough when it came to maximizing leverage of further funding.

5.3 Ensuring the building is an asset and not a liability

Clearly the asset should be just that – an asset, rather than a liability, and this may present challenges in any proposed community asset transfer of a building, (or for that matter any leasing arrangement with a third sector organisation) which requires substantial sums of money to be spent on it. Consideration should be given to Invest to Save approaches in these situations as well as to exploring external sources of capital funding available to a third sector organization when considering transfer. Evidence from halls such as Harrietsham and Headcorn indicates the amounts of money required for major works (this can become an increasing issue where buildings are ageing); however, prudent management such as that displayed at Bearsted & Thurnham is also required and indeed effective practice should be shared.

5.4   Further auditing and reviewing the provision of community halls in the Borough

Although outside of the scope of this report, further work needs to be undertaken to analyse the population served by the individual community halls and the facilities in each hall using GIS technology in order to develop a strategy and framework for community hall provision.

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[24] Masundire C. & Browning S. (2009) Community Empowerment through Asset transfer - A story in the making - Emerging findings on the Community Asset Fund. Paper given to the Local Authorities Research + Intelligence Association Annual Conference, 31st March 2009, Loughborough.

13

6. Conclusion

 Basic factors for success already exist within the Borough, though questions remain over the investment in infrastructure necessary to help deliver the asset transfer agenda, and much of this report has drawn upon activity in rural communities where some activities, or income generating opportunities, exist that may not occur in urban areas, and where Parish Councils can, and often do, provide a local infrastructure support role. It is worth remembering that populations and thus the number of potential users are smaller in rural areas and this presents its own challenges.

Further information of the state of community-owned buildings will be available in late 2009 / early 2010, when the results of the ACRE National Village Halls Survey are known. This survey, conducted every 10 years, examines provision of services, car parking, facilities and other information provided by each hall and this should provide more detailed information to help the council perform the audit referred to in the draft Community Asset Transfer (CAT) process.

Hall	Management Structure	Income	Expenditure	Balance	Year	Parished
Allington Community Centre	Adopted constitution	£ 51,853	£ 43,900	£ 7,953	2007	No
Barming Village Hall	Trust Deed	£ 10,752	£ 7,654	£ 3,098	2007	Yes
Bearsted & Thurnham King George V Hall	Declaration of Trust	£ 29,594	£ 33,686	-£ 4,092	2007-2008	Yes
Boughton Monchelsea Village Hall	Lease & Trust Deed	£ 27,444	£ 23,037	£ 4,407	2008	Yes
Bredhurst Village Hall	Assignment	£ 17,563	£ 21,143	-£ 3,580	2007-2008	Yes
Broomfield & Kingswood Village Hall	Deed	£ 15,468	£ 12,507	£ 2,961	2007-2008	Yes
Chart Sutton Village Hall	Conveyance & Trust Deed	£ 10,902	£ 13,866	-£ 2,964	2007	Yes
Collier Street Village Hall	Conveyance	£ 2,852	£ 2,508	£ 344	2007	Yes
Coxheath Residents Village Hall	Trust Deed	£ 43,443	£ 40,902	£ 2,541	2007-2008	Yes
Detling Village Hall	Lease & Trust Deed	£ 19,371	£ 15,221	£ 4,150	2007-2008	Yes
Downswood Community Association	Adopted constitution	£ 40,518	£ 39,621	£ 897	2007-2008	Yes
Grafty Green Village Hall	Deed of Apppointment	£ 5,845	£ 3,714	£ 2,131	2007	Yes
Grove Green Community Association	Adopted constitution	£ 15,305	£ 19,716	-£ 4,411	2007-2008	Yes
Harrietsham Village Hall	Scheme of commissioners	£ 23,486	£ 35,740	-£ 12,254	2007	Yes
Headcorn Village Hall	Conveyance	£ 89,888	£ 95,777	-£ 5,889	2007-2008	Yes
Hollingbourne Village Hall	Lease	£ 14,091	£ 16,573	-£ 2,482	2007-2008	Yes
Hunton Village Hall	Charity Commission Scheme	Not available	Not available		N/A	Yes
Langley Village Hall	Lease & Trust Deed	£ 23,713	£ 17,486	£ 6,227	2007-2008	Yes
Leeds & Broomfield War Memorial Hall	Conveyance	£ 6,573	£ 4,666	£ 1,907	2007	Yes
Lenham Community Centre	Declaration of Trust	£ 62,878	£ 57,454	£ 5,424	2007-2008	Yes
Linton Village Institute	Conveyance	£ 7,269	£ 5,012	£ 2,257	2007	Yes
Madginford Hall	Adopted constitution	£ 27,939	£ 26,269	£ 1,670	2007-2008	Yes
Marden Memorial Hall	Declaration of Trust	£ 21,912	£ 14,943	£ 6,969	2007	Yes
Nettlestead Village Hall	Conveyance & Trust Deed	£ 13,542	£ 8,107	£ 5,435	2007-2008	Yes
Otham Village Hall	Charity Commission Scheme	£ 5,253	£ 3,238	£ 2,015	2006-2007	Yes
Ringlestone Community Hall	Adopted constitution	Not available	Not available		N/A	Yes
Sandling Village Hall	Charity Commission Scheme	£ 6,182	£ 4,352	£ 1,830	2007-2008	Yes
Staplehurst Village Centre	Conveyance	£ 21,415	£ 18,898	£ 2,517	2007	Yes
Stockbury Village Hall	Declaration of Trust	£ 11,873	£ 6,917	£ 4,956	2007-2008	Yes
Sutton Valence Village Hall	Lease & Trust Deed	£ 17,714	£ 23,776	-£ 6,062	2007-2008	Yes
Teston Village Hall	Charity Commission Scheme	£ 7,632	£ 4,236	£ 3,396	2007-2008	Yes
Ulcombe Village Hall	Lease & Trust Deed	£ 10,738	£ 12,138	-£ 1,400	2007	Yes
Weavering Street Village Hall	Trust Deed	£ 11,544	£ 9,191	£ 2,353	2007	Yes
Wormshill Village Hall	Trust Deed	Not available	Not available		N/A	Yes
Yalding Village Hall	Declaration of Trust	Not available	Not available		N/A	Yes

Totals £ 674,552 £ 642,248

MAIDSTONE BOROUGH COUNCIL

CABINET

14 OCTOBER 2009

REPORT OF THE LEADER OF THE COUNCIL

<u>Report prepared by Jill Lucas</u>

1.   **FORWARD PLAN**

1.1   Issue for Decision

1.1.1   To note the Forward Plan for the period 1 November 2009 – 28 February 2010.

1.2   Recommendation of the Leader of the Council

1.2.1   That the proposed Forward Plan for the period 1 November 2009 – 28 February 2010 be noted.

1.3   Reasons for Recommendation

1.3.1   The Forward Plan is a way to ensure that members of the public have longer from the point at which they learn that a decision is coming up, until the time it is made, to encourage greater interaction between stakeholder and decision makers.

1.3.2   The Forward Plan is published monthly, to cover decisions starting on the first day of each month and is a rolling four month programme of decisions.

1.3.3   The current index to the proposed Forward Plan is attached as an Appendix to this report. However, please note that Officers have until 12 Noon on 14 October 2009 to submit further entries or make any amendments.

1.3.4   If Members wish to receive a complete copy of the Forward Plan it can be obtained from Janet Barnes (01622) 602242 and from 16 October 2009 will be on public deposit in the following locations: The Gateway, Public Libraries and the digitalmaidstone website.

1.4   Alternative actions and why not recommended

1.4.1   The proposed Forward Plan includes key decisions as defined in the Constitution and the development of the budget and plans which form the policy framework. The entries have been made by the relevant managers who have the best idea of the issues likely to be coming up.

1.5   Impact of Corporate Objectives

1.5.1   The Forward Plan should help to realise on the core values set out in the Corporate Plan as follows:

"It (the Council) welcomes, encourages and values public participation in its activities and will inform, advise and listen carefully to people in developing its key strategies, policies and programmes".

1.6   Risk Management

1.6.1   There are no risk management implications in this report.

1.7   Other Implications

1.7.1
Financial	☐
Staffing	☐
Legal	☐
Equality Impact Needs Assessment	☐
Environmental/sustainable development	☐
Community safety	☐
Human Rights Act	☐
Risk Management	☐
Procurement	☐
Asset Management	

1.8   Financial Implications

1.8.1   None resulting directly from this report.

Background Documents

None

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision?   Yes [ ]   No [X]

If yes, when did it appear in the Forward Plan? _____

Is this an Urgent Key Decision?   Yes [ ]   No [X]

Reason for Urgency

Not applicable

Title	Decision Maker and Date of Decision	Page No
Consideration of Growth Point expenditure	Cabinet 11 November 2009	
Best Value Review of Waste and Recycling	Cabinet 11 November 2009	
Affordable Housing Capital Expenditure	Cabinet 11 November 2009	
Levels of Collection Fund adjustment to be taken into account in the level of Council Tax for 2010/11	Cabinet 9 December 2009	
Review of Budget Strategy 2010/11 Onwards	Cabinet 9 December 2009	
Procurement of external printing	Cabinet Member for Corporate Services Before 30 October 2009	
HR Shared Service	Cabinet Member for Corporate Services Before 30 October 2009	
Climate change adaptation	Cabinet Member for Environment Before 30 October 2009	
Adoption of Revised Model Standards for Caravan Site Licences	Cabinet Member for Environment Before 31 December 2009	
Review of Contaminated Land Strategy	Cabinet Member for Environment Before 29 January 2010	
Maidstone Tourism Strategy 2009-14	Cabinet Member for Leisure and Culture Before 30 October 2009	
Bereavement Services - Fees and Charges 2010/11	Cabinet Member for Leisure and Culture Before 30 November 2009	
Maidstone Market - Fees & Charges 2010/11	Cabinet Member for Leisure and Culture Before 30 November 2009	
South East Maidstone Strategic Link Road	Cabinet Member for Regeneration Before 30 October 2009	