

Maidstone Borough Council

**Asset Transfer Strategy and Policy Statement
June 2009**

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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 community¹
- benefit the council and other public sector service providers²
- benefit the organisation taking ownership³

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

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

Sustainable Community Strategy: Maidstone Matters: Partnership in Action

- 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 indicators 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".

Asset related projects

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

Meeting Corporate Objectives and Community Need

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.

A Proactive Strategy

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.

Social Inclusion

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

Organisations⁴ 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.

Viability and Management

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.

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.