

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

DATE 25th OCTOBER 2007

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION/KEY DECISION

Regeneration & Transport - Lead Cabinet Member – Councillor Cook

COMMUNITY ASSETS FUND AND THE TRANSFER OF COMMUNITY BUILDINGS

1. Summary

In the context of the Government's White Paper entitled 'Strong & Prosperous Communities' (October 2006) which we anticipate will be incorporated into a Local Government Bill, much emphasis is placed on strengthening and empowering communities. One of the perceived ways of achieving this is via the use of community buildings and Local Authorities are required to consider the current use of these assets and whether their transfer would add value to the third sector.

To support this agenda the Government have made available a capital resource of some £30 million nationally, administered by the Big Lottery Fund and available to partnerships between Local Authorities and the third sector. This funding is directed towards assets which require significant capital funding and is not available for revenue uses. Once buildings are refurbished they will be transferred to third sector ownership for the benefit of the whole community. The timescales for submission of outline bids is very short, with a closure date of 15th November 2007 and the criteria is very prescriptive and exacting. A maximum of two bids per authority can be submitted and this Cabinet report seeks member approval for a process of assessing and determining appropriate bids.

2. Recommendations

1. That Cabinet supports the principles of the Community Assets Fund. Suitable applications, which meet the internal criteria, be progressed to submission to the Community Assets Fund. As per the Lottery criteria a maximum of two bids can be submitted.
2. Cabinet agree to the award of a long lease to the successful bidders, subject to negotiations, but likely to be in the order of 25 years on a peppercorn rent
3. In view of the exacting timescales Cabinet delegates the determination of the successful bid or bids to the Head of Housing, in consultation with the Cabinet Member for Regeneration & Transport.
4. That any building/s transferred from the Local Authority to the third sector becomes the repairing responsibility of that third sector partner.

3. Reasons for the Recommendations/Decision(s)

To take advantage of the funding available from the Community Assets Fund.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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SUMMARY

In the context of the Government's White Paper entitled 'Strong & Prosperous Communities' (October 2006) which we anticipate will be incorporated into a Local Government Bill, much emphasis is placed on strengthening and empowering communities. One of the perceived ways of achieving this is via the use of community buildings and Local Authorities are required to consider the current use of these assets and whether their transfer would add value to the third sector.

To support this agenda the Government have made available a capital resource of some £30 million nationally, administered by the Big Lottery Fund and available to partnerships between Local Authorities and the third sector. This funding is directed towards assets which require significant capital funding and is not available for revenue uses. Once buildings are refurbished they will be transferred to third sector ownership for the benefit of the whole community. The timescales for submission of outline bids is very short, with a closure date of 15th November 2007 and the criteria is very prescriptive and exacting. A maximum of two bids per authority can be submitted and this Cabinet report seeks member approval for a process of assessing and determining appropriate bids.

RECOMMENDATIONS

1. That Cabinet supports the principles of the Community Assets Fund. Suitable applications, which meet the internal criteria, be progressed to submission to the Community Assets Fund. As per the Lottery criteria a maximum of two bids can be submitted.
2. Cabinet agree to the award of a long lease to the successful bidders, subject to negotiations, but likely to be in the order of 25 years on a peppercorn rent
3. Cabinet delegates the decision to determine the most robust bids and those which provides the greatest community benefit from those submitted to the Head of Housing, in consultation with the Cabinet Member for Regeneration & Transport.
4. That any building/s transferred from the Local Authority to the third sector becomes the repairing responsibility of that third sector partner.

DETAIL

The Policy Agenda

1. The Local Government White Paper *Strong and Prosperous Communities*, published in October 2006, signaled the next stage of public sector reform. It aimed to create strong, prosperous communities and deliver better public services through a rebalancing of the relationship between central government, local government and local people by:
 - promoting more responsive services and empowered communities
 - advocating a stronger role for local authorities as leaders and place-shapers
 - promoting stronger and more stable local authority leadership
 - supporting councillors in their role as democratic champions
 - fundamentally rebalancing the central-local relationship
 - promoting community cohesion and
 - developing the economic prosperity of our towns, cities and regions
2. In this context, the White Paper promised increased opportunities for communities to manage and own local public buildings and land. In particular it highlighted the role asset management or ownership can play in giving communities the stability and confidence to develop and grow, as well as the means of securing external investment.
3. In September 2006 Ruth Kelly MP commissioned Barry Quirk, the Chief Executive of Lewisham Council, to review the barriers and incentives affecting the transfer of public assets to community management and ownership. The review team reported their findings to the Secretary of State in March 2007 and these were published in their report “**Making Assets Work**” in May 2007.

Summary of the recommendations in ‘Making Assets Work’

4. In their report, the Quirk Review team reached three firm conclusions:
 - Assets are used for many different social, community and public purposes. Any sale or transfer of public assets to community ownership and management needs to realise social or community benefits without risking wider public interest concerns and without community purposes becoming overly burdened by operational considerations.
 - The benefits of community management and ownership of public assets can outweigh the risks and opportunity costs in appropriate circumstances. If there is thorough consideration of these risks and opportunity costs, there are no substantive impediments to the transfer of public assets to communities. It has been done legitimately and successfully in very many places.
 - There are risks but they can be minimised and managed.

Opening the Transfer Window

5. On 22nd May 2007 the Department for Communities & Local Government published “Opening the Transfer Window” this is the Government’s Response to the Quirks Review of Community Management & Ownership of Public Assets”. The document challenges Councils to maximise the transfer of public assets to communities in order to make services more responsive and create more confident empowered communities with greater civic spirit.

6. Opening the Transfer Window - sets out the government's response to the Quirk Review's recommendations and details some specific actions it will deliver with key partners, as part of a co-ordinated implementation plan. It also specifies how the Government will review achievements and measure success to provide evidence for further development of the plan and maintain the momentum that the review has stimulated.
7. Opening the Transfer Window states that the government will implement the Quirk Review proposals in full and the document sets out the approach to achieving this ambition. The implementation plan includes: -
 - Access to £30 million Community Assets Fund to support community led organisations in owning and running buildings, to be managed by the Big Lottery Fund. The fund will offer grants for refurbishment of local authority buildings, ensuring they are appropriate for community use and for transfer to third sector ownership or management.
 - New guidance to be issues to all local authorities to help them identify proactively all assets that community organisations could run and provide a focal point for local communities.
 - A new drive to promote powers available to residents to call for assets to be devolved. Residents will be able to raise issues through a Community call for Action and even appeal to the Secretary of State through a Public Request to Order Disposals (PRODs) for her to direct councils to transfer assets.

An Established Relationship Between Stockton Borough Council and the Third Sector

8. Stockton Borough Council have a track record of working in partnership and providing support to the voluntary and community sector. Funding in excess of £500K is awarded annually to eleven locally based organisations. Additionally the Council has made available a wide range of community buildings on peppercorn rents for community & voluntary sector usage.
9. The Council also provides commissioning opportunities to our local third sector agencies providing a valuable source of income, and have actively supported the establishment of Catalyst, the newly created strategic organisation for the Borough's third sector. Added to this the sector have been encouraged to have an active voice with representation on the Renaissance Board plus area and thematic partnerships.
10. The Council has an established Community Development Team working from Church Road and Ragworth Neighbourhood Centre and providing a range of advice and support to the Borough's third sector organisations. Any transfer of assets will be made in this context.

Criteria for Accessing the Community Asset Fund

11. The principle of this fund is to facilitate the transfer of genuine assets from local authorities to the third sector. To have the best chance of positive consideration within what is likely to be a very competitive bidding round applications to the fund must: -
 - Demonstrate the benefit the community from the transfer of the asset
 - Provide evidence of the capacity of the strong Local Authority / 3rd sector partnership working
 - Evidence of planning for the ongoing sustainability of the transferred asset

12. To apply for funding a detailed application form must be fully completed. The form requires bidding organisations to provide information on governance arrangements, details of their financial track record (including copies of two years previous audited accounts), demonstrate the project benefits to the wider community and specifically how asset transfer adds value to the process. Supporting evidence must include a "Fit for Purpose Business Plan" which demonstrates and can evidence support for the project from the community purports to serve, all financial assumptions; project management experience, approach to equal opportunities etc.
13. In addition to the application form criteria set out above, any applications submitted will also be assessed for their strategic fit with the Council's broader development or redevelopment proposals. For example the applicant will be asked to demonstrate that the asset requested for transfer and the activity this will accommodate is complimentary to existing and planned service provision in the medium & long term.
14. The Community Assets Fund Application Form and Guidance Notes can be downloaded from or viewed at www.biglotteryfund.org.uk.

Outcomes Required

15. Three outcomes must be realised through the transfer of an asset to attract grant assistance: -
 - Local 3rd sector organisations have greater security and independence, and are better able to meet the needs of the communities they serve
 - Communities have more access to better quality facilities that respond to their needs
 - There is more effective partnership working between local authorities and the 3rd sector.
16. No more than two applications per local authority area will be considered. Transfer of the asset can be leasehold or freehold. The form of transfer is flexible, though any lease must be fully assignable for a minimum period of 20 years. Stockton has already leased a variety of community buildings to 3rd sector partners on terms of up to 25 years.
17. The fund is currently open to applications of between £150k and £1 million. Grant requests of less than £150k and up to £2 million can be considered if notified and discussed early with the Big Lottery on or before 15th October 2007.

The Timescale for Applications

18.
 - 15th October 2007 – Notification of projects below £150k or between £1- 2 million to the Big Lottery Fund
 - 15th November 2007 – Completed applications submitted to the Big Lottery Fund
 - 18th January 2008 – Result of initial appraisal by Big Lottery
 - 31st March 2008 - In principal project approval for project
 - 30th September 2008 – submission of second stage application, the Capital Delivery Plan to Big Lottery Fund
 - 31st January 2009 – Permission to proceed with capital transfer.

Managing the Application Process

19. Notification of the availability of the Capital Assets Fund has been made to Stockton's third sector organisations. A deadline of Monday 1st October has been set for initial expressions of interest from third sector organisations to the Council wishing to be considered for this process. At this stage discussions will be undertaken around the criteria for assessment to filter those organisations out who do not meet the stringent criteria. Those organisations that may be suitable for consideration will then be referred to an Appraisal Panel convened to assess the developing bids. The Appraisal Panel will comprise of a number of Council Officers with experience of asset management, business/financial, knowledge of the third sector and grant applications, plus expertise from an independent organisation experienced in assessing the robustness of business plans. The Appraisal Panel will provide a technical appraisal of the bids submitted and make recommendations on those bids most likely to achieve success.
20. In order to meet the Fund's demanding deadlines it is recommended that the final decision about which bid or maximum of two bids submitted be delegated to the Head of Housing in consultation with the Cabinet Member for Regeneration and Transport. The appraisal panels recommendations will inform the Head of Housing and Cabinet Member's decision on which bid/bids to pursue. A timetable outlining key dates for the receipt and assessment of applications is attached as Annex 1 to this report.
21. Transfer of assets need to be made in the context of the Council's Capital & Asset Management Strategy, and the Council's Capital & Asset Management Group will develop an approach to future asset transfers not requiring resources from the Capital Assets Fund which will be referred back to Cabinet at a future date.

FINANCIAL IMPLICATIONS

22. If successful the lottery grant can provide up to 100% of the capital costs of building refurbishment work. There will be modest costs for the council however associated with preparing the application/s and legal costs to secure the transfer of the chosen building or buildings, towards which no additional resources have been identified.
23. Acknowledgment must be made of the value of the building being transferred.
24. Any asset transfer will require the receiving organisation to take responsibility for the buildings future maintenance & repair.

LEGAL IMPLICATIONS

25. The terms of the transfer of the building or buildings either leasehold or freehold.
26. New legal powers through the Community Call for Action and the Public Request to Order Disposal.

RISK ASSESSMENT

27. The Community Asset Fund and the Transfer of Community Buildings is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

COMMUNITY STRATEGY IMPLICATIONS

28. **Economic Regeneration and Transport –**
 - increased asset base for successful third sector partner if the bid is approved
 - improved sustainability for successful third sector partner if the bid is approved
29. **Liveability**
 - Improved capital asset for the successful third sector partner if the bid is approved, including consideration of energy efficiency and waste reduction issues during the building process and continuing upkeep
30. Depending on asset usage the provision of community facilities could have an impact upon a number of community strategy themes eg: -
 - Safer Communities
 - Children and Young People
 - Healthier Communities and Adults

CONSULTATION INCLUDING WARD/COUNCILLORS

31. The Government following the publication of the Quirk Review has carried out a national consultation exercise. The launch of the Community Assets Fund administered by The Big Lottery Fund is a response to this consultation.
32. Locally community groups and voluntary sector organisations have been notified of the availability of this fund.

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Background Papers

The Community Assets Fund - Guidance Notes & Application Form

Ward(s) and Ward Councillors:

All

Property

Potential transfer of Council assets to the 3rd Sector on terms to be agreed