

DRAFT COMMUNITY ASSET TRANSFER POLICY

1 AIMS AND PRINCIPLES OF THE POLICY

Stockton Borough Council is committed to supporting the development of a thriving Voluntary and Community Sector and this Policy is part of that support mechanism. The Policy aims to provide a framework to enable the transfer of appropriate Council Community based Assets to relevant organisations within the sector. The Policy is underpinned by the following principles:-

- The Council will work with Community and Voluntary organisations to achieve asset transfer where appropriate to enhance community empowerment and encourage development within the sector.
- We will take a strategic approach to asset transfer and identify assets where we feel transfer is appropriate through regular reviews of the Council's assets. We will also respond to requests regarding individual assets.
- We will seek to implement the policy proactively to encourage appropriate groups to consider transfer
- Any proposed asset transfer must be for the benefit of the community and support or enhance the current services provided.
- There must be a clear proposal and business case and rationale for transfer, which could include opportunities for new and innovative ways of supporting the Council providing services to the community.

2 ASSETS APPROPRIATE FOR TRANSFER

The assets must be in the ownership of the Council (freehold and long leasehold). The final decision on individual assets will be taken by the Council's cabinet and each case will be assessed. The following framework will however be applied to assess the assets suitable and relevant for transfer:

The Council will **NOT** consider applications for transfer in respect of:

- Those buildings which accommodate fixed or core services (e.g. schools, social care establishments, integrated service centres, etc.)
- Assets which, have through a review, been identified as having a potential significant capital receipt and where the Council are looking at disposal. These assets may be either:
 - Surplus properties
 - Reconfiguration and co-location of services and nearby buildings will enable disposal

The Council will work proactively with the Community and Voluntary Sector to develop asset transfer solutions or consider applications in respect of:

- Buildings currently delivering Community Based Services, where there is a demonstrable need for the building and associated services to continue. For these buildings, there may be mutual benefit to explore transfer to an appropriate organisation. The Council would however place a condition that the organisation taking ownership of the building does so for community use and continue to provide access to community and voluntary groups currently using the premises.
- Buildings which have been identified by the Council as potentially surplus or where is no clear rationale for retention due to:

Cost to maintain

Condition of the Building

Low levels of participation or utilisation

Potential to use nearby facilities to provide services

On these occasions, the Council will consider applications for transfer, alongside opportunities for disposal. Again, the application would need to demonstrate proposed use of the building and community support.

For any transfer, we would require a proposal outlining the business case, covering financial viability, proposed utilisation, benefits to the organisation and community and evidence of wider community consultation and support. The decision on transfer will be made by the Council's cabinet in all cases.

3 BASIS OF ASSET TRANSFER

Asset transfers will generally be by means of a long term lease, the terms of which would be agreed at the time of each individual transfer. Freehold transfer will only be considered in exceptional circumstances.

The organisation taking ownership, will be responsible for the upkeep, repair and maintenance of the building as well as all running costs. They will need to comply with all statutory inspections and health and safety requirements.

In all cases involving transfer of ownership / occupation appropriate legal mechanism will be put in place to protect our financial position such as restrictions on use, and break clauses. For example in the case of a long-term lease we will write into such leases an appropriate clause (forfeiture or break clause) under which the asset would revert back to the Council, such as:

- In the case of bankruptcy/insolvency;
- In the case of corruption;
- In the case of none payment of rent (if applicable);
- In the case of none performance of other terms such as serious repairs and maintenance (if applicable);
- The Council requires vacant possession of the asset as it forms part of a regeneration scheme;
- If the transfer agreement is breached

- If the organisation wishes to develop and move into bigger premises.

There will also be restrictions placed on the use of the building and the building will not be sold in the future without the Council's consent.

4 GROUPS ELIGIBLE FOR ASSET TRANSFER

We will consider asset transfer to any Community and Voluntary Sector (CVS) organisations. A key consideration however is the sustainability of the organisation and its capacity to manage and develop the assets. The criteria which must be met by the organisations are as follows:

The Organisation must:

- Be a Community and Voluntary Sector organisation which is a legal entity
- Be appropriately constituted, (e.g. a registered charity, a community interest company or a charitable incorporated organisation, a not for profit company)
- Have a strong financial background and / or demonstrable financial plan moving forward. (The Council will wish to review copies of accounts and forward projections where appropriate)
- Exist for community / social / environmental / economic benefit;
- Be non-profit distributing - it must reinvest any surpluses to further its social aims / community benefits;
- Have community benefit objective;
- Demonstrate strong governance by operating through open and accountable co-operative processes, with strong monitoring, evaluation and financial management systems;
- Demonstrate it has the skills and capacity within or available to its managing body to effectively deliver services and manage the asset;
- Have a management proposal which includes a specific plan on health and safety issues and compliance with legislation and any statutory requirements arising from ownership or management of the building and or running a service
- Have a clear purpose and understanding of the activities it wishes to deliver and demonstrate how the asset transfer will enable and support these activities.

5 PROPOSED USE OF THE BUILDING

- The Council would expect each proposal to outline the current and proposed use of the building and how the asset transfer would enable and enhance the activities within the Community.

We would expect that the proposals:

- Demonstrate that the buildings will continue to support community and voluntary activities within the area and protect the use of the facility by other voluntary organisations
- Outline the future opportunities for enhancing the use of the building as a community facility that transfer would bring
- Identify opportunities for using the assets to develop and provide new and innovative services, which may be linked to current Council service provision

6 ASSET TRANSFER PROCESS

The process of asset transfer may be initiated in 2 ways:

- The Council identifying an asset as appropriate to transfer either to sustain the current building and service delivery, or where a building has been deemed surplus.
- A request from a Voluntary and Community Group.

In the case of the latter, the Council will assess the initial request to determine whether this asset is suitable for transfer (as outlined in Section 2).

Thereafter, a similar process will be followed which is outlined below and also demonstrated at Appendix A.

Advertising

For all assets, there will be an advert to the Voluntary and Community Sector to ensure that all organisations have the opportunity to express an interest in acquisition.

The marketing period will be appropriate to the asset and will be a minimum of 6 weeks. During the marketing period, expressions of interest and business cases will need to be developed from all interested parties.

Submission of Full Proposal and Business Case

Fundamental to the success of any transfer is the applicant(s) demonstrating to Stockton-on-Tees Borough Council that they have a clear rationale backed by a robust business-case of their ability to manage the asset effectively. This needs to include an assessment of the financial and organisational capacity of the organisation.

CVS groups applying for consideration to be given to asset transfer, will be required to submit a formal application which, depending on the scope and scale of the asset concerned will include some or all of the following:

- Organisational Details – Covering criteria outlined in paragraph ??
- Purpose of the transfer
- Benefits Statement - Benefits to the Council, the organisation and the wider/community;
- Business Case – including sustainability of the building, potential to generate additional income etc.

As a minimum, the business case will need to clearly identify:

- At least 3 years revenue or capital funding plans and projections of managing and operating the asset;
- How it will invest in and maintain the asset including a specific plan as to how all health and safety responsibilities will be met;
- The planned outcomes and benefits to result from the asset transfer;
- Demonstrate a community governance structure with capability to sustain asset transfer and has identified necessary capacity building requirements within their organisation;
- Any sources of finance asset transfer will release or attract;

- Track record of delivering services and or managing property;
- Financial sustainability and forward planning; and
- Risk Assessment and mitigation plan

The business case will also need to demonstrate appropriate consultation mechanisms have been followed and the support of the community for the proposal.

Review of Proposal

The Council will review each proposal against the following key criteria:

- Eligibility of organisation
- Robustness of Business Case
- Community benefit
- Support of the Community and Community Benefit
- Sustainability of proposal
- The Councils statutory responsibilities associated with land disposals (particularly at a rate less than market value)

Following evaluation the applicant(s) will be advised of the decision and the rationale behind the decision will be discussed. In some instances it may be that there is merit in the proposal but additional work is required to further develop the proposal and we will work with the applicant to develop this.

Ultimately, the decision will either be made by the Council's Cabinet.

Complete Asset Transfer

Following agreement to transfer the asset we will agree detailed terms with the CVS group. to complete the transfer agreement and associated documentation.

