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Working in Partnership

# **North East Lincolnshire Council**

## **Community Asset Transfer Approach**

### **2016-19**

Date Created: 14/04/2016  
Date of next review: 14/04/2017

## **Introduction**

This approach has been produced by a partnership of North East Lincolnshire Council (officers and member), Healing and Humberston Parish Councils, Foresight, Rock Foundation, the Liber Group, Sidney Sussex Community Group, Centre4 and Waltham Parish Council.

## **Overarching vision**

The vision is based on the principles that public assets need to be owned by the public and are valued for the social impact they have on people's lives. The Council is committed to a flexible approach to asset transfer that enables organisations wanting to take ownership of an asset to do so with appropriate support.

## **Purpose of the policy**

This approach describes how the Council will enable an increase in Community Ownership and Management of Assets consistent with its Community Leadership principles and with national good practice.

We will enable the acquisition and management of buildings by community and social enterprises through the provision of support for

- Community Asset Transfer
- the Community Right to Bid – or 'assets of community value' provisions.

This needs to be placed in the context of the national policy on community asset transfer, North East Lincolnshire Council's commitment to stronger communities and two existing policy papers:

- the principles of community leadership;
- the existing property strategy.

## **The National Policy Context**

The Community Ownership and Management of Assets is not new.

*'For hundreds of years, the idea of community owned assets has run like a golden thread through our social history. Generation after generation, people have called for a different way of doing things, where land and buildings would belong neither to private landowners nor to the state, but would be held instead in trust and controlled by local communities, to provide amenities and create prosperity for the common good.'* Steve Wyler<sup>1</sup>

Over the past twelve years, government policy has encouraged this vision, starting in 2003 with the General Disposal Consent granted to local authorities and certain other public bodies allowing them to dispose of land and building to community groups at 'less than best consideration' without the requirement of Secretary of State consent, provided that the undervalue was no more than £2m and that social, economic or environmental benefits would be produced.

The Quirk Review was published in 2007, after the Development Trusts Association issued a challenge to the government to increase the momentum of community asset transfer to communities. This noted that community asset development was a means to achieve

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1 S. Wyler: A history of community asset ownership. Locality. 2009

community empowerment and concluded:

*'There are risks but they can be minimised and managed – there is plenty of experience to draw on. The secret is all parties working together'*

A number of government initiatives have since supported community asset transfer including a £30m Community Assets Fund administered by the Big Lottery, funding for Advancing Assets – a programme of advice for local authorities and their community partners, the creation of an Asset Transfer Unit based within the Development Trusts Association and the provision of money in 2004 to the Adventure Capital Fund to provide patient capital and business support for community enterprises. The Community Ownership and Management of Assets programme was launched in 2014 to provide support to public sector bodies looking to transfer multiple assets or engaged in a single asset transfer of significant interest. This has given the resources to build on the introduction of the Community Right to Bid in the Localism Act of 2011 through which the Government has ignited local discussions about how we can make the most of assets to meet community needs in a challenging economic climate.

### **The Local Policy Context**

North East Lincolnshire Council's Plan for 2014/15 has two strands setting out what they want to achieve: a stronger economy and stronger communities. The focus points of the stronger economy strand include skills and employability, business support and innovation, local employment and a sustainable environment. The focus points of the stronger communities strand are independence, sustainable housing, active citizens and healthy lives. Each of these includes a number of aims. The full plan is attached at Appendix 1. This approach has to be put into practice in the context of this plan and ensure that all decisions are made with these aims in mind. Applications for Community Asset Transfer should demonstrate how they can support North East Lincolnshire Council in achieving these aims.

### **The Community Leadership Principles**

In July 2014, North East Lincolnshire Council approved a community leadership paper which acknowledged the changing role of local authorities and the increasing significance of partnership working along with the financial and resources challenges faces across the public sector. Two of the recommendations in the report to Cabinet have a clear impact on a community asset transfer approach. The first supported a business case led approach to delegating appropriate functions and responsibilities to existing Town and Parish Councils in the Borough. The second supports a business case led approach to enabling voluntary and community groups to run services and take on ownership of assets. It also supported a community hub and spoke model as the primary approach to co-locating key local public and voluntary sector resources.

### **North East Lincolnshire Council's Property Strategy**

This Community Asset Transfer approach needs to be set in the context of the Council's property strategy put in place in December 2014. The strategy outlines why the Council holds assets and prioritises them within three categories to ensure that operational needs of the Council are met and commercial return and investment opportunities all count towards ensuring that all people in North East Lincolnshire benefit from a strong economy. The strategy acknowledges that property is North East Lincolnshire Council's most important non people resource and the second largest cost after staff. Property provides

the means by which the Council delivers its services and manages its business. The property portfolio is divided into three categories:

- property to support the Council in delivering organisational outcomes;
- properties held to support strategic objectives, which could be property held and/or intended to be disposed of;
- properties which provide the Council with a good commercial and sustainable return on investment property.

Only where property is not needed to support operational, commercial and other strategic objectives will disposal be considered. Disposals will be managed by the Council leadership team. As a matter of general policy, they will seek to achieve best value through an open market route. However, they reserve the right not to put a property on the open market if justified by circumstances.

Best consideration will be achieved by a means of financial or social return or a combination of both dependent upon the prime disposal objectives of the given property asset

The decision for disposal at 'less than best consideration' is for the Cabinet, based on advice from the Leadership Team.

### **What we mean by community asset transfer**

Community asset transfer is a long term leasehold or freehold transfer arrangement entered into by the Council with a community group or social enterprise at market or below market value to stimulate the social, economic or environmental well-being of the people living and working in North East Lincolnshire. We believe that a property that has previously been used for public benefit should be available for community ownership. However, a balance has to be achieved between encouraging community ownership of Council owned property and the need to bring funds into the Council treasury to pay for the delivery of services.

The Property and Assets Board within North East Lincolnshire Council will hold a regular property and assets review where a recommendation will be made to the leadership about which assets will be made available for Community Asset Transfer and which will be sold on the open market

Buildings that have been used for delivering local authority services and no longer in use and declared surplus will be offered on the open market. However, we will put in place a process that ensures that voluntary and community organisations and Parish and Town Councils are made fully aware of their availability and the process to be followed. All information will be made available through local voluntary and community sector support networks and through parish and town Councils.

The process for asset transfer is set out below. Where a property is simply being sold at market value, a different process will be used that will involve the property being advertised by our agent and bids being processed by Engie and recommendations being made to the local authority. These properties will not be considered by the community panel but a decision will be made by the appropriate local authority officers.

## **Benefits of community asset transfer**

These are the benefits of community asset transfer as decided by the members of the partnership.

### **Benefits to communities**

- It brings buildings that have been neglected back into community use.
- Community owned buildings can provide a focal point.
- Community ownership can remove the stigma of council service provision.
- Community ownership can deliver an open and friendly service.
- Communities take greater ownership of actions.
- It encourages a valuing of assets, with local people taking a greater pride in what they have managed to achieve.
- Arrangements can be more flexible.
- Community ownership can encourage a more positive response from others.
- It stimulates community action.
- It can bring communities together.
- It can reduce social isolation.

### **Benefits to the local authority and other public service commissioners**

- Financial savings can be made.
- It can widen access to funds.
- Greater community pride can be developed in the area and its assets.
- It can support the delivery of the local authority's outcome framework.
- It can lead to an improved reputation of the Council among local people and others.
- The activities that take place within the transferred assets can lead to the continuation of much needed services and to finding different ways of delivering those services.

### **Benefits to voluntary, community and social enterprises**

- Not for profit organisations can gain access to properties they would not normally be able to acquire.
- It can open up funding opportunities not available to statutory bodies.
- It can provide opportunities to put ideas into practice.
- It can give local people encouragement and promotes pride in local assets and the local area.
- The owning and management of key assets can enable organisations to contribute to the achievement of outcomes needed by the local authority.
- Community ownership can enable and support community engagement.
- Opportunities can be available to educate communities.
- Organisations will have the opportunity to take on a building, either at market value or less than market value.
- Voluntary, community and social enterprises will be able to build on community reputation.

## Who can apply for Community Asset Transfer?

Parish and town councils;

Any not for profit organisation with an asset lock built into its constitution including the following:

- a charity, including charitable incorporated organisations;
- a Community Interest Company;
- a Community Benefit Society.

## Support available

Initially, support through the COMA<sup>2</sup> programme is available for organisations proposing to undergo the asset transfer process from the following sources:

- members of the community led panel that has been involved in writing this approach;
- Grimsby Enterprise Centre;
- a representative of the community led panel with particular experience of parish and town Councils.

This will provide the following support:

- mentoring for voluntary and community organisations and social enterprises going through the CAT process and support with demonstrating social value;
- business planning guidance and support;
- mentoring for town and parish Councils planning to go through the CAT process.

The organisation delivering Voluntary and Community Sector (VCS) Infrastructure support in North East Lincolnshire will support VCS groups to access social investment to enhance service delivery and build financial sustainability and provide business support appropriate to their needs and that it is accessible and affordable.

The contract document assumes the VCS Infrastructure Support will have a role in facilitating change around the Community Right to Challenge and Community Asset Transfer. Support will therefore be available to organisations undergoing the asset transfer process from the VCS Infrastructure body. This support will include help with demonstrating the social value of their proposal. Panel members have received some training in social value and will expect to see all applications accompanied by a calculation of social value using a recognised tool – available here:

## Commitment by North East Lincolnshire Council

- To engage with all partners, including other public bodies, local voluntary and community organisations, local residents and local business to map assets, appreciate their ambitions and capacity to shape and manage local assets.
- To make as much data as possible available about the Council's assets, and to encourage other asset holders to do the same, including annual energy costs and likely maintenance costs.
- To establish a single gateway into the Council on community asset issues including questions about the Community Right to Bid.

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<sup>2</sup> COMA was a programme of support and funding provided by the Dept. for Communities and Local Government in 2015/6 for local authorities and others considering the process of multiple asset transfer and taken up by North East Lincolnshire Council to enable them to prepare this document.

## Process for alerting organisations that an asset is available for transfer

High value assets being sold at market value that need to produce a capital receipt.	Properties available for Community Asset Transfers
Placed on the open market through the Council's agreed process; the VCS support body and their communication channels, via a more easily accessible web site.	Publicity through the Council web site and VCS channels of communications and through parish and town Councils, inviting expressions of interest.
All bids are submitted on the same basis – irrespective of whether they come from a private/ commercial operator, voluntary or community organisation or a parish or town Council.	Notification of current occupiers, where appropriate. A leaflet outlining the CAT process will be produced, with a link to the list on the web site.
Social value should be included in the bid to demonstrate any additional benefits so that these can be assessed along with the best price offered.	The process set out below will then be followed.

The website link to available Council property and land:

<https://www.nelincs.gov.uk/homes-and-property/council-buildings-land/surplus-land-and-buildings/>

## The process for considering requests for community asset transfers

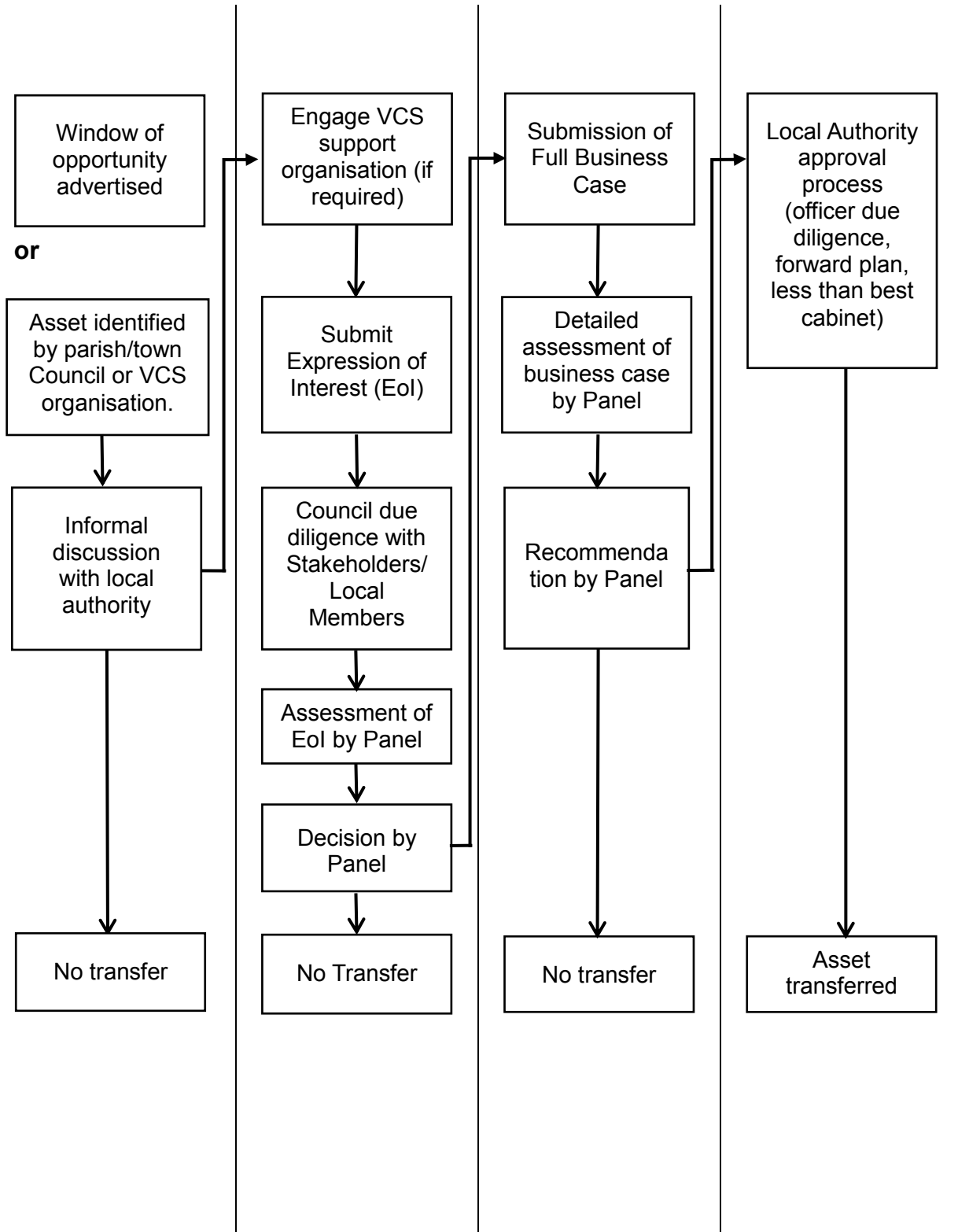
The process when considering expressions of interests will be community led in the first instance and all applications will be reviewed by a community panel comprising of a quorum of the following representatives. The terms of reference for the meeting are available at appendix two of this document.

- the community champion;
- a nominated representative from panel;
- a nominated representative of the NEL VCSE Alliance;
- a representative of parish and town Councils;
- Council Assets (Council/ ENGIE);
- a ward member for the ward in which the asset sits;
- Cabinet member responsible for Communities;
- Council Relationship Manager (Commissioning Strategic Support Unit (CSSU));
- Council Legal/ Procurement/ Finance specialist (virtual representation).

A decision on the use of a Council asset could be determined by the Director of Finance, in consultation with the Portfolio Holder for Finance and Resources, although in some cases, where a transfer is at less than best value or is classed as a key decision (value over 350k, public or political interest, across several Wards) a decision on any community asset transfer sits with the Cabinet.

# Community Asset Transfer Process

**Stage 0: Pre-Application**      **Stage 1: Expression of Interest (Eol)**      **Stage 2: Full Business Case**      **Stage 3: Recommendation, Decision, Completion**





Where there is more than one organisation interested in a particular asset, co-operative working will be encouraged wherever possible. If this is not possible for any reason, all applications will be considered in terms of the value they bring to the area in terms of meeting the local authority's aims and objectives.

The asset will be awarded to the organisation best able to demonstrate social value. In cases where a decision is difficult to make, the organisations will be asked what additional value they can bring, and may be asked to present their case to the panel in person to enable a proper informed decision to be made.

**Feedback on the reasons for the decision will be given to all those organisations making an application for community asset transfer. Timescales for making a bid for Community Asset Transfer.**

<b>Action</b>	<b>Time scale</b>	<b>Within preferred timeframe</b>
Window of opportunity advertised or asset identified by voluntary or community organisation or parish or town Council	10	Acknowledgement in 10 working days (max)
Informal discussion with local authority.	20	20 working days from acknowledgement (max)
Submission of expression of interest	30	30 working days from informal discussions (max)
Council due diligence with ward members and other local stakeholders.	20	20 working days (max)
Assessment and decision of Expression of Interest by panel	10	10 working days (max)
Submission of full business case	140	140 days (20 weeks) (max)
Detailed assessment and recommendation of business case by panel	20	20 working days (max)
Local authority approval process. (Forward Plan (if cabinet decision required); Cabinet (undervalue valuation)/ ODR approval) Implementation of agreement	40	40 working days (max)
	290 days / 42 weeks	

Organisations applying for community asset transfer will be required to satisfy two tests.

The first will be concerned with the reliability, credibility and viability of the organisation.

The second will be concerned with the social value they can produce for the people living and working in North East Lincolnshire. The second will also require organisations to show how they can help to meet North East Lincolnshire Council's strategic aims.

All of the information required will help the panel to decide if these two tests are satisfied.

## **Information required at Expression of Interest stage**

- is the asset one that eligible for CAT?
- the benefits for the community, for the organisation making the application and how they relate to Council priorities
- governance, structure and history of the organisation.

## **Information required when submitting a full business case**

A full business plan will be required including

- details of community need and support
- the skills and knowledge available within the organisation
- details of their experience in delivering services within the local community
- cash flow forecasts for the management of the asset
- proof of resources both capital to spend on the asset and to cover the running costs
- details of how monitoring and evaluation will be carried out
- understanding of issues such as TUPE, redundancy and management of change
- the social value produced for the people living and working in North East Lincolnshire.

An existing organisation will also need to provide a copy of their last year's audited accounts.

## **The basis for assessment by the panel**

- Does the organisation fully understand the risks involved in taking on this asset?
- Do they have a track record of delivering similar projects and services?
- How far will the proposed use reach into the community?
- Are proper financial management arrangements in place?
- Does the organisation understand the need to comply with national and EU legislation and with any restrictive covenants in the lease and any claw back provisions?
- Can the organisation prove the level of social value the proposal will produce?
- Does the proposal help to meet North East Lincolnshire Council's strategic aims?

## **Appeal process**

If an application for community asset transfer is refused, the letter of notification will set out in detail the reasons for refusal.

An organisation who has their application for asset transfer refused has the right of appeal within 21 working days of receiving notification of the decision. The appeal should be made in writing to the Director of Finance of North East Lincolnshire Council.

The letter of appeal should state the reasons why the applicant disagrees with the refusal and should contain any additional information or evidence available.

The appeal will be heard by a director nominated by Leadership and a member of Cabinet who have previously had no contact with the application process and the decision notified in writing to the applicant. Their decision is final.