



Neighbourhood Services & Community Involvement Scrutiny Commission

Community Asset Transfer update

Date: 25th January 2017

Assistant City Mayor, Councillor Kirk Master

Lead director: John Leach

Useful information

- Ward(s) affected:
- Report author: Lee Warner / Neil Gamble
- Author contact details: x373542
- Report version number plus Code No from Report Tracking Database: v.FINAL

1. Purpose of report

The purpose of this report is to:

- Provide an overview of the Community Asset Transfer (CAT) policy developed by Leicester City Council
- Present a summary of the work undertaken as part of the Transforming Neighbourhood Services project
- To note lessons learned from early experiences

2. Summary

2.1 Asset transfer comes in many forms whether it be licence, lease or sale and can be at market rates or down to peppercorn levels. The circumstances for each property will be different and treated on its own merits.

2.2 In some areas of the city Community Asset Transfer (CAT) has been considered under the Transforming Neighbourhood Services (TNS) programme for buildings which are no longer proposed to be run by the Council.

2.3 A programme has been developed under TNS to promote opportunities for local communities and organisations and to support the development of business plans. Independent support has been arranged to help community organisations develop their plans.

2.4 There have been good lessons learned through the programme to date. The assessment criteria for business plans continues to be developed to support the community asset transfer process and to support local communities.

3. Recommendations

- That the Scrutiny Commission note the progress made to date, feedback and lessons learned regarding Community Asset Transfer.
- The Scrutiny Commission is invited to comment on progress to date

4. Report

4.1 Background to the Community Asset Transfer scheme.

4.1.1 Historically the Council has let and sold property to community organisations but not always in a consistent manner and following publication of the Local Government White paper “Strong and Prosperous Communities”, which set out a new relationship between local government and its communities based on a devolution of power by giving residents greater say over local services, in 2008 the Council adopted its own “Policy for transfer of assets for community governance” as an addition to the existing “Framework for Disposal of Property”.

4.1.2 Subsequently the Localism Act of 2011 sought to further empower communities to self manage and in view of this the policy was reviewed to give greater clarity and consistency to the Council’s approach to asset transfer. It is to be noted that asset transfer comes in many forms whether it be licence, lease or sale and can be at market rates or down to peppercorn levels. The circumstances for each property will be different and treated on its own merits.

4.2 An overview of the current working model

4.2.1 Under the Council’s Transforming Neighbourhood Services (TNS) project neighbourhood buildings are being reviewed on an area by area basis. The TNS programme is scoped to identify different ways of organising how services are delivered within the neighbourhoods of the city of Leicester, with a view to reducing the costs of delivery by around 30% while maintaining the quality of our services. TNS is a building based programme and assumes that services will continue to be delivered in the model put forward.

4.2.2 In some areas of the city Community Asset Transfer (CAT) has been considered under TNS for buildings which are no longer proposed to be run by the Council. These proposals have been consulted upon as part of the overall model for the area to gain the views of service users, stakeholders and residents and to test the appetite for community organisations to take on the running of buildings.

4.2.3 The TNS process has been further developed since the programme started to help better identify good opportunities for Community Asset Transfer. This is achieved through an early public engagement exercise, prior to proposals being drawn up for consultation. During this stage ward councillors, local residents and stakeholders are invited to give their views and suggestions for the buildings under review. The engagement period invites open comment through drop in sessions, focus groups and widely distributed questionnaires. Service usage data and building information is also collected during this period. The views and information collected are analysed and proposals developed for a full public consultation. It is acknowledged that in the earliest days of the TNS programme some ambitions for asset transfer did not always come to fruition. The model which has since been developed supports the identification of good community asset transfer opportunities. Once a decision to offer a building for CAT has been taken independent support is offered by Locality to all interested groups to ensure that organisations can assess the feasibility for their group and construct a formal business plan to express their ambition.

- 4.2.4 The current working model for the Community Asset Transfer of buildings following an executive decision under TNS follows the Council's approved CAT policy. In these cases the proposal for asset transfer has been based upon granting leases passing all responsibilities for the building to the community organisation based upon a peppercorn rent being payable and the organisation being required to preserve and expand the existing community offer.
- 4.2.5 Under this model community organisations take on all financial responsibility for the building. Responsibilities include both the maintenance and repair of the building for the duration of the lease. Maintenance costs include utilities for example heating, electricity and water, business rates, buildings insurance, telephony and refuse collection. The organisation also takes on responsibility for the management and day to day running of the building, including responsibilities such as health and safety, fire safety, access and room bookings as well as maintaining and repairing the building. To help groups understand the implications and responsibilities of asset transfer introductory workshops are held at the start of the Community Asset Transfer process to explain these. It is important that groups are aware of the financial, legal and management responsibilities at the outset to help them to decide on the feasibility of taking on a building before undertaking detailed work on their business plan.
- 4.2.6 The process for community organisations with an interest in CAT is as follows:
- Early consultation with ward councillors
 - Area wide public consultation on proposals under the TNS programme
 - Executive decision taken - building(s) may be identified for CAT
 - Consult ward councillors
 - Independent support for community groups procured
 - Advertise and promote CAT opportunities
 - Initial workshops held by LCC and Locality to generate interest
 - Community groups to submit business plans by closing date
 - Asset Transfer Review Group reviews business plans
 - Consult ward councillors
 - Executive decision – successful organisations informed
 - Legal Services instructed - terms of transfer drafted in accordance with terms and conditions agreed
 - Community Asset Transfer Complete - keys handed over and the organisation takes responsibility
 - Ongoing access to advice and support
- 4.2.7 The latest conditions surveys and buildings running data will be made available as part of the community asset transfer process to help groups assess the feasibility of taking on a building, and potential improvement works they might want to undertake to support their business case. Although it is not viable for the council to refurbish or renovate buildings as part of the CAT process buildings will be handed over in good working order.
- 4.2.8 Under the current model buildings continue to be run by the council until leases are signed. Service provision is therefore continuous excepting any works which may need to take place before or after handover.

4.2.9 It is to be noted that Community Asset Transfer is distinct from the council's key fob access system whereby the building is retained and managed by the council as part of its neighbourhood offer, but with self access systems in place for inducted community organisations at agreed times. Whilst this system extends use of community buildings to enable access during unstaffed times, responsibility and financial costs remain with the council.

4.3 Business plan and assessment criteria

4.3.1 Community organisations are required to produce a detailed business plan as part of the application process under the CAT policy. The development of the plan helps to ensure that organisations are clear about the community benefits they are undertaking to deliver, and the implications of running a community building. The business plan is assessed and scored by the Council against a set of criteria which is included here as an appendix.

4.3.2 The assessment criteria are routinely reviewed and updated to reflect learning from previous exercises. The key assessment criteria which have been approved for the latest CAT process are as follows:

- Community benefit from proposals
- Financial viability of proposals
- Governance and track record of organisation
- Financial standing of organisation
- Rent offered
- Equality and inclusion
- Community impact

4.3.3 Assessment criteria are weighted to ensure key considerations are reflected in the overall assessment. For example, out of a total score of 100, 30 marks are offered for community benefit and a further 15 marks are available for consideration and mitigation of potential community impact. Community considerations therefore account for 45% of the assessment.

4.3.4 Clear guidance is given regarding the evidence which should be submitted to support business plans. A range of policies and statements are required to help assess submissions. For example:

- Room hire policy, to include charging and room allocation
- 2 year cash flow projection to demonstrate soundness of financial plans
- Governance documents, including charitable status, legal identity, structure etc
- Audited accounts to verify financial standing of organisation
- Equal opportunities Policy
- Good neighbour policy

4.3.5 Organisations are assessed to ensure they are eligible to apply for CAT under the council's policy. The Council's CAT policy provides the following guidance: "A community led group is defined as being a formally constituted group based within and delivering or capable of delivering services or functions of benefit to a local community, be this area based, around a particular social group or other particular community interest."

4.3.6 A good business plan will necessarily be detailed enough to satisfy all of the requirements outlined in the assessment criteria, and will contain documented evidence of policies and procedures, governance and financial accounts. The requirements of the plan will help groups to express their community benefits and establish the feasibility of taking on the running the building. Advice on building a good business plan is provided at the commissioned workshops offered by Locality. A typical plan will include:

- Group or organisation information
- Experience, aims, and track record
- Plans for the building
- Knowledge of the community and plans for community provision
- Business model
- Financial planning
- Risks and how to lessen them
- Meeting obligations

4.4 Support available for groups planning to take over an asset

4.4.1 During early TNS consultation in the West area of the city one of the key concerns around CAT opportunities concerned well regarded and capable community organisations who may not have had experience of writing a business case to take on the running of a building. A need was identified to provide independent support to help a wide range of community organisations to develop their plans to help ensure their skills, knowledge and community aims are supported by a clear plan.

4.4.2 As a result independent support has been procured from Locality, a national organisation with a local base in Leicester and a specialist knowledge and wide experience of supporting community organisations through community asset transfer. Although commissioned by the Council the support offered to community groups by Locality is on a completely independent basis. Locality describes itself as “the national network of ambitious and enterprising community-led organisations, working together to help neighbourhoods thrive.” The organisation provides community-sector professionals working to support community organisations and the communities they serve. Further information about Locality can be found on their website at: <http://locality.org.uk>

4.4.3 Locality have provided tailored support for a wide range of community organisations. Most recently the support programme for three buildings in West and North West Leicester has included:

- Initial overview sessions to support and promote the CAT adverts. These sessions were open to any interested groups and focused on developing interest and clarity around the realities of taking on a building
- Business plan workshops. These sessions focused on the requirements of the business plan, the information and evidence groups would need to provide, and practical considerations for groups
- One to one review sessions to challenge and develop plans
- Support with developing financial information

4.4.4 The Council’s property and neighbourhood services provided support to produce information regarding the buildings and the current community usage. General information packs were provided to all, including:

- current room hire charges, timetables and occupancy
- current income from room hire
- building running costs including utilities and rates
- building condition surveys
- Floor plans and ground plans
- Energy consumption charts

In addition officers are available to supply additional information upon request.

4.4.5 Community organisations are also signposted to Voluntary Action Leicester for support with their legal identity (becoming constituted) and for accessing funding opportunities.

4.4.6 During the course of asset transfer the council also works with existing community groups currently using the building to help prepare them for the change. Following transfer of the building community groups will have a new relationship with the organisation taking on the property. Neighbourhood services officers will work with groups to help facilitate the change of management or to explore alternative locations for activities if groups prefer.

4.5 CAT leases under TNS

4.5.1 For the latest round of community asset transfers under the TNS programme a standard lease is supplied when buildings are advertised for CAT. This helps to set expectations at the earliest stage. The lease will specify:

- Length of tenure – depending on the building
- Responsibility for building repairs and maintenance are with the lease holder
- Responsibility for all aspects of building management for the duration of the lease are with the lease holder

4.5.2 The organisation's business case, policy statements and commitments made including community benefits will be included as a formal part of the lease to enable the Council to judge adherence to the stated proposals and give a basis take action should commitments not be met.

4.6 Community Asset Transfers under TNS

4.6.1 The following table shows the buildings which have been advertised for Community Asset Transfer following a TNS decision, and the outcome of the process.

Buildings advertised for CAT under the TNS programme

Building	Ward	Community Organisation	Handover date
Cort Crescent Community Centre	Braunstone & Rowley Fields	Forward In Faith	January 2016
The Oak Centre	Braunstone & Rowley Fields	Trinity Life Church	January 2016
Newfoundpool Community Centre	Fosse	Leicester Events Group	January 2016

Braunstone Grove	Braunstone & Rowley Fields	No suitable bids received	
------------------	----------------------------	---------------------------	--

Business cases for the following buildings are currently being evaluated

Building	Ward
Home Farm Neighbourhood Centre	Beaumont Leys
Manor House Neighbourhood Centre	Braunstone & Rowley Fields
New Parks Community Centre	Western

4.7 Lessons Learned

The Community Asset Transfer process is routinely reviewed prior to marketing new opportunities. Some of the key lessons learned to date are:

- 4.7.1 The involvement of independent expert support is crucial for community groups to support them in assessing the feasibility of taking on the running of buildings and to develop clear community benefits. Additional support sessions have been organised for the CAT opportunities in the North West area of Leicester. This has resulted in interested organisations requesting detailed community and buildings information in order to develop their proposals.
- 4.7.2 The early involvement of ward councillors during the initial TNS consultation stage and prior to the commencement of the CAT process has been crucial to the process. Additional consultation has been built into the process for the most recent offers in the North West area.
- 4.7.3 A standard lease is now supplied at the outset of the CAT process to ensure expectations of the community groups are clear and to reduce the time taken for negotiating the lease.
- 4.7.4 The assessment criteria for business plans have been updated to provide more emphasis on the community benefit expected, to protect existing groups and to provide clarity with regard to plans for room hire charges and for access for existing and new community groups. Extra consideration has been given towards local groups with good connections to the building and the local community.
- 4.7.5 Community Asset Transfer has resulted in investment for some buildings for example Newfoundpool Community Centre and the Oak Centre both of which have been refurbished.
- 4.7.6 Some Community Asset Transfers have been more successful than others in terms of retaining existing community groups and attracting new groups and activities. Room hire charges and access arrangements have been key issues in retention of existing groups.
- 4.7.7 There is a recognition that detailed documentation especially around the community offer and access policies for community groups using the buildings is essential. Additional policies and procedures are now required as part of the business case and all documentation will be included in the formal lease. This helps to ensure that all parties are clear on commitments and responsibilities with regard to the building and the community offer. The development of this approach

will also means that adherence to community proposals may be assessed and give a basis for the Council to take action should commitments not be met.

5. Summary of appendices:

Appendix 1. Assessment criteria September 2016

COMMUNITY CENTRE BUSINESS CASE SUBMISSION REQUIREMENTS

Appendix 1

Area to be covered in business case	Requirements	Criteria to be met to achieve high score	Maximum score
Community benefit from proposals	Demonstrate proposals for provision of retained and enhanced community provision, proposed users and uses	Existing groups retained within premises on similar terms to existing. Include policy for room hire charges, changes to current room allocation and timetabling for duration of lease. Significant expansion of local community services from the property Local organisation currently working in the building or the local community	15 10 5
Financial viability of proposals	Provide a 2 year income and expenditure cashflow identifying sources of income, an understanding of the use of the building and an appreciation of the total costs of occupying and running	No ongoing financial support required from the Council A viable cashflow which provides evidence of self-sustainability	10 10
Governance and track record of organisation	Details of the bidding organisation, legal identity, structure, personnel, experience, partnership with other groups	Established organisation with significant experience of managing property, delivering good employment practices and service provision	15
Financial standing of organisation	Documented evidence of the financial standing of the organisation (i.e. bank reference, audited accounts)	Established organisation with sound financial position	10
Rent offered	Provide an annual figure that the organisation is able to offer, including requirement for any rent free period	A rental is offered with the capability to pay being backed up by financial projections (Scoring criteria will compare levels of rent proposed)	5
Equality and inclusion	Documented evidence of equal opportunities policies	<ul style="list-style-type: none"> Evidence of commitment to equal opportunities and promoting diversity 	5
Community impact	Provide details of any negative impact the proposals may have on neighbours and the local community e.g. parking, noise, hours of operation and how they will be managed	Minimal negative community impact including management plan for impact factors Provision of a Good Neighbour policy to evidence ability to co-operate in co-operation with neighbours	10 5

