

Appendix 1: Community Asset Transfer Strategy DRAFT

1. Background

1.1 Middlesbrough Council values the support of the Voluntary and Community Sector (VCS) in delivering a wide range of services to the people of Middlesbrough. Many Voluntary and Community Organisations (VCOs) are also commissioned by the local authority to provide a wide range of services. The Council supports the VCS in a wide variety of ways including Grants, support with building related costs and the Compact, which describes the way in which the Council and the VCS work together

2. Purpose and Context

2.1 Middlesbrough Council holds an extensive property portfolio, valued at over £400m. In addition to land holdings, commercial property and office accommodation, the portfolio includes a range of community assets. This strategy describes the Council's approach to the transfer of surplus community assets to Voluntary and Community Organisations.

2.2 The term 'community asset transfer' relates primarily to long leasehold or freehold arrangements at less than market value. Community asset transfer is viewed positively as it offers many benefits to local communities, the local VCS and to the Council itself.

2.3 The Quirk Review of community management and ownership of public assets, which concluded strongly in favour of local ownership and management of public assets. This position was supported by the then Labour Government through a number of new initiatives, including the establishment of the national Asset Transfer Unit, which supports Councils in pursuing this agenda.

2.4 The current operating context has changed dramatically. Middlesbrough Council is facing significant challenges as a result of major reductions in public spending and will increasingly need to consider asset transfer as an enabler to achieving its forthcoming corporate aims in a mixed service economy, with significantly reduced resource.

3. Key Stakeholder benefits of community asset transfer

3.1 Local communities: Improved community involvement, empowerment and cohesion; increased social entrepreneurship, employment, volunteering opportunities and enhanced service delivery.

3.2 The VCS: Financial security for VCOs, promoting growth, increased capacity and sustainability and the potential for increased investment

3.3 The Council: Promotion of core strategic priorities, including community led regeneration, diversification of public service providers and improved partnership working: increased value for money through sharing costs, increased usage and levered investment.

The Council recognises the benefits of community asset transfer and will be proactive in using asset transfer as one of a range of tools to support the VCS and help meet the strategic

objectives of the Council; particularly in terms of service transformation and realising efficiencies.

This strategy aims to create a transparent and accessible process to enable asset transfer from the Council to VCS organisations to happen and be successful in the long term.

4. Strategic priorities

4.1 Any proposed asset transfer must support the strategic priorities of the Council and aim to create the widest public value. This includes (not exclusively);: Sustainable Community Strategy;

- Strategic Plan;
- Local Development Framework;
- Joint Strategic Needs Assessment;
- Voluntary Sector Compact;
- Corporate Asset Management Plan;
- Corporate Capital Strategy.

5. Key principles

5.1 The approach to community asset transfer will be underpinned by the following principles:

- support for the development of an increasingly robust VCS
- commitment to the promotion of sustainable community-led regeneration
- flexibility in negotiations and support offered to VCOs, within financial constraints
- transparency in decision making.

6. Risk Management

6.1 Some of the VCOs applying to the Council for the transfer of assets may have limited financial history or facilities management experience, and it is important that any Community Asset Transfer has the best possible chance of success. The following requirements must therefore be met for organisations to be considered 'fit for purpose' to assume responsibility for Council assets:

- financial viability of the transfer;
- the organisation has appropriate skills, knowledge and expertise to sustain the project in the long term;
- appropriate governance structures, staffing arrangements, decision making processes and management controls are in place;

- the project has the support of the relevant local community (of place, interest or identity).

6.2 However, Middlesbrough Council recognises the importance of building the capacity of VCOs to enable them to meet these requirements. To that end, the Council will work with Middlesbrough Voluntary Development Agency and/or others, where appropriate and practical, to put in place packages of development support at the pre application stage to build the capacity of organisations to manage assets where a clear benefit to the community of the transfer of assets has been identified.

7. Detail and process

7.1 The Council will publish the list of assets (both land and buildings) potentially available for community transfer, as a result of the Community Buildings Review, on its website shortly. Notification will also be made available by Middlesbrough Voluntary Development Agency, via their website, to all relevant VCOs. Assets made available will be those that are surplus to the operational needs of services and do not significantly contribute to the Council's commercial portfolio. The list will be reviewed every six months [NB This approach will be updated in 2012/13 to reflect the forthcoming provisions of the Localism Act 2011.] The transfer process may also be triggered by an approach to the Council by the community or a VCO for an asset not currently listed.

7.2 The Council will generally pursue long lease hold arrangements when considering community asset transfer. Twenty-five years would be the preferred length. Freehold could be considered in particular circumstances for example where not doing so would jeopardise significant resources being brought in to support the development, however, that would need to be balanced with a re-assurance that community benefit will be reasonably maintained in the long term.

7.3 A single property in its entirety would be transferred to a single organisation or cooperative who can then sub-let part of the property to others provided that this accords with the use and principles agreed for the transfer

7.4 Levels of discount of market value will be set on a case by case basis based on the nature of the property, a robust assessment of the VCO business plan and the extent of community benefit to be derived. In addition, the Council may:

- provide some grant revenue subsidy that will taper off over time to ensure a smooth transition from Council to community ownership;
- consider investment in an asset prior to transfer to ensure that the building is fit for purpose (although preference will be given to VCOs that can lever in external investment to achieve this).

7.5 VCOs will need to satisfy the Council that they are constituted for social benefit, and wherever possible, within their legal structure, to demonstrate an 'asset lock' provision to ensure that the asset is retained for community benefit. The Council will provide legal agreements that will enable VCS organisations to manage and develop the property as an

asset in the long term while ensuring that the use of the building as a community asset is retained.

7.6 Interested parties will initially provide an outline proposal within two weeks of the Council making the opportunity available. The proposal will then be evaluated by an officer group including strategic assets, specific service areas whose work links to the applying organisation and the Voluntary Sector Liaison Team. Consultation will be undertaken with VCS representatives prior to a recommendation being brought forward.

7.7 If the outline proposal is approved in principle the organization will be asked to submit a business plan to the Council in support of the asset transfer within six weeks. The Council may retain a degree of flexibility over this timescale where, for example, the feasibility of the proposal is not in question or where external sources of funding may take additional time to come to fruition. Again this will be evaluated by an officer group, reflecting the various interested parties within the Council. The single point of contact for asset transfer will be the Council's Corporate Assets Officer ;
(Martin Shepherd, martin_shepherd@middlesbrough.gov.uk or tel: 01642 729192).

7.8 The business plan will be the single most important document to inform the decision about whether to proceed with the transfer. Asset transfer will only take place where an organisation can clearly demonstrate it can manage the asset through a robust and sustainable business plan.

7.9 Business plans presented to the Council as a minimum must contain the following (although VCOs can structure the business plan in their own style it must be in line with published criteria, which will form the basis of the evaluation).

Suggested Business Plan Content

Summary Who you are, what you do, and how you intend to do it.

About your organisation Track record, current plans, partnerships and people, governance, legal structure.

Summary of the project Objectives, proposed: programme for delivery, impacts/benefits (for all stakeholders), management and operation of the asset (staff, volunteers) and the capital construction phase, where relevant.

Customer base The needs that will be met by the project and the number of beneficiaries p.a. Whether there is a pricing policy and the rationale behind this. Whether any other organisations are operating in a similar area and if there is potential for collaboration.

Promotion The customer strategy (e.g. face to face, electronic delivery) and how it will be implemented.

Resources Financial projections, which should include: the budget for 3-5 years and cash flow for year one, an examination of profit and loss and capital expenditure (if capital is required to redevelop the building sources secured or identified should be stated), explanatory notes re: projections and assumptions about timings and level of commitment for both income and expenditure.

Risk management An outline of the different risks associated with the project, the implications of those risks occurring and the organisations strategy to prevent or managing occurrence

7.10 The VCS organisation will be expected to submit copies of governing documents, any evidence of external advice provided, expressions of support from partners/customers, copies of accounts (where available). Reasonable support in developing business plans will be available from the Council's Community Regeneration Service and MVDA.

7.11 A report on the business case will then be presented to CMT for a decision.

7.12 In assessing proposals for asset transfer, the Council will consider the relative benefits and risks of the following options:

- Doing nothing
- Expenditure on other services made possible as a result of a 'commercial' disposal
- Benefits generated by the transfer of the asset to a VCS organisation and local communities more widely

7.13 The Council's aim will be to make a decision on business cases for asset transfer within 6 weeks of receipt of the full business plan.

7.14 The Council and MVDA will provide ongoing organisational support to the VCS organisation post transfer where appropriate (within available resources) and recognises that extends beyond the point of transfer. Transfer recipients will be expected to produce a statement of community benefit on a 6 monthly or annual basis (although these will not constitute a Service Level Agreement).

7.15 When there are a number of interested parties in an asset that has been made available for transfer, the Council will aim to encourage collaboration. However, when this is not possible a cost benefit analysis will be used to decide the outcome and the successful organization will become the Councils preferred partner in the transfer process.

7.16 The Council will aim to complete the end-to-end process of asset transfer within a maximum of 18 months of receipt of the original proposal.

7.17 The decision to transfer an asset will not be considered as setting a precedent. Each asset transfer will be judged on its own merits and the detail of the transfer arrangements will be arrived at through individual negotiation.

The term Voluntary and Community Sector (VCS) is used to cover not-for-profit groups and organisations with a range of legal forms and social purposes. It includes mutuals, co-operatives, charities and social enterprises.

