



## **Asset transfer strategy and policy statement**

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**September 2008**

## 1. Introduction

- 1.1 This asset transfer strategy is intended to provide a framework for Halton Borough Council and their partners to address the transfer of assets to Third Sector Organisations (TSO).

## 2. Purpose of the strategy

- 2.1 The purpose of the strategy is to set a transparent, positive and proactive framework to set the context for which asset transfer from Halton to the third sector will be considered. To achieve this it is necessary to demonstrate how community asset transfer supports Council and its wider community objectives.

## 3. National policy context

- 3.1 The ownership and the management of land and assets by community organisations is currently the focus of Government attention. Community asset ownership is increasingly seen as a means to achieve a range of key objectives, from promoting civil renewal, active citizenship and improving local public services to tackling poverty and prompting economic regeneration - through developing social enterprise and supporting the growth of community anchor organisations.
- 3.2 The origins of this agenda go back to the ODPM's 2003 *Communities Plan (Sustainable Communities: Building for the future)*. This acknowledged that sustainability is only possible where local communities play a leading role in determining their own future development.
- 3.3 The 2003 *Social Enterprise Strategy* recognised that "physical assets, such as community centres, parks and redundant buildings, are of critical importance to the development of active communities and viable community-based enterprise" and committed the Government to exploring how to support asset transfer to social enterprises.
- 3.4 *Firm Foundations*, the Government's framework for community capacity building published in 2004 has as an aim the development of community anchor organisations.
- 3.5 The former ODPM's *Citizen Engagement and Public Services: Why Neighbourhoods Matter* (2005) sought to promote citizen involvement in public services and proposed a menu of options for action at the local level, from neighbourhood management to neighbourhood charters with cautious support given to 'Neighbourhood ownership' and specific mention of asset ownership by Development Trusts.

- 3.6 A Governmental Working Group was set up to look at the issue further, and its recommendations were published in *Communities Taking Control: Final Report of the Cross-sector Work Group on Community Ownership and Management of Assets* (2006).
- 3.7 The 2006 *Local Government White Paper* confirmed the Government's intention to increase opportunities for community asset ownership and management, and promoted asset transfer as part of a local authority's 'place-shaping' role. It indicated that a fund would be established to help with this, later announced as the £30 million Community Assets Fund managed by the Big Lottery Fund.
- 3.8 After the Working Group reported its findings, the then Secretary of State at DCLG Ruth Kelly MP established a review in September 2006 to look at the powers, policies and barriers relating to the transfer of public assets to community organisations, headed by Barry Quirk.
- 3.9 The Quirk Review's findings *Making Assets Work* were published in May 2007. All the Review's recommendations were accepted by the Government and published a week later as an implementation plan in *Opening the transfer window: the government's response to the Quirk Review*.
- 3.10 The Quirk Review found that a careful increase in the community's stake in an asset can bring a wide range of additional benefits for the community, the organisation receiving the asset and the local authority facilitating the transfer. The benefits of community ownership and management can outweigh risks and opportunity costs.
- 3.11 Quirk believes that there are already a sufficient range of powers and policies to enable and encourage community control of the public land and buildings. What is required is political will, managerial imagination and a more business-focussed approach by the public and voluntary sectors.
- 3.12 One of the central problems regarding the transfer of public assets has been the onus on public sector bodies to secure the best use of their assets to meet their objectives. This is usually taken to mean disposing of surplus assets on the market at best price - to meet the costs of local service provision and reduce pressure on council taxes.
- 3.13 However, local authorities have been given discretionary powers under the Local Government Act 1972 to dispose of land in any manner they wish and the government recognises that there may be circumstances where an authority considers it appropriate to dispose of land or property undervalue. The General Disposal Consent of 2003 grants local authorities the power to dispose of assets (freehold or leasehold) at less than best consideration within defined limits to secure the promotion or the improvement of the economic, social and environmental wellbeing of their area. Government advice indicates that any decision should be made by comparing the very tangible benefits of a market value disposal

with the less tangible benefits a transfer may bring to the wider community.

3.14 The Government's Empowerment Action Plan 2007 - includes actions relating to the transfer of assets and to a programme of support for community anchors, including the availability of further funding to support the development of anchors.

3.15 Guidance to local authorities on asset management has not covered the potential opportunities offered by community asset transfer. However, since the publication of the Quirk Review this has begun to change with an increasing number of local authorities setting individual transfers within strategic approach. The Framework for Local Authority Asset Management Planning published by CLG in February 2008 now includes reference to community asset transfer and indicates how Central Government guidance is now effectively bringing the community empowerment and asset management agendas together.

#### **4. Local policy context and links to other strategies**

4.1 For an asset transfer to take place the submission must demonstrate its contribution to the five aims of the Corporate Plan

- A Healthy Halton
- Halton's Urban Renewal
- Halton's Children and Young People
- Employment, Learning and Skills in Halton
- A Safer Halton

In addition it will need to demonstrate its contribution to the relevant sponsoring department, service plan and the Council's Asset Management Plan.

#### **5. Aims of Community Asset Transfer**

5.1 The Council's physical assets include land, buildings and other structures used for a variety of different social, community and public purposes. For some of these assets community management and ownership could deliver:

- benefits to the local community
- benefits to the Council and other public sector service providers
- benefits for the organisation taking ownership

- 5.2 The Council's assets are rarely used by everyone: their 'value' being locked-in to a particular use or a particular group of people. Changing ownership or management offers opportunities to extend the use of a building or piece of land, increasing its value in relation to the numbers of people that benefit and the range of opportunities it offers. Community-led ownership offers additional opportunities to secure resources within a local area and to empower local citizens and communities.
- 5.3 Assets will be transferred to community groups by the Council in order to promote the widest public value that can be achieved in relation to, for example:
- Community empowerment
  - Area-wide benefits
  - Building the capacity of the third sector and encouraging a sustainable third-sector
  - Economic development and social enterprise
  - Improvements to local services
  - Value for money

## **6. Principles of the asset transfer policy**

6.1 The Council's policy on community asset transfer is underpinned by the following principles:

- Any proposed asset transfer must support the aims and priorities of the Council as set out in adopted policy.
- The Council views its policy on community asset disposal as part of a long-term programme of support to, and partnership with, the third sector.
- The Council will take a Strategic approach to Asset Transfer through regular reviews of the asset transfer potential of its assets, and the establishment of priorities linked for example, to priority neighbourhoods, the exit-strategies from regeneration programmes, or the potential of particular high-profile cases etc;
- The Council will have a transparent corporate process for asset transfer which includes a clear point of first contact and clear stages and timescales for each party;
- The Council will adopt an agreed method of assessing the benefits of the transfer (linked to corporate priorities) which allows a comparison with market disposal;
- Any disposal at less than best consideration will be accompanied by a service level agreement (SLA) identifying the benefits and how these will be monitored and measured, together with the remedies available to both parties if the SLA is not met.
- Once the policy framework has been established within the Council, opportunities to extend the approach to other public bodies through the Local Strategic Partnership will be sought.

## **7. Assessing asset transfers**

- 7.1 The asset transfer decision is essentially a choice between:
- Doing nothing;
  - Expenditure on other services made possible as a result of a 'commercial' disposal;
  - The benefits generated by the transfer of the asset to one or other community group (if there are competing proposals).
- 7.2 In assessing proposals for asset transfer, the Council will attempt to measure the relative benefits and risks of these three options in order to justify its decision and the level or discount proposed. It will also relate these benefits to Council priorities such as objectives from the Community Strategy.
- 7.3 Critical to the success of any transfer is having a clear rationale backed by a robust business-case demonstrating the ability of the recipient to manage the asset effectively, including an assessment of the financial and organisational capacity of the organisation. A social benefit assessment framework will be applied by the Council.
- 7.4 The organisation wishing to take on an asset would also need to provide a 'business case' for transfer at the outset. The main elements of a business case are set out below:

#### **Elements of the business case**

- How need for proposed transfer and use of asset has been identified – what needs will the transfer meet?
- Benefits case as a result of transfer– what will be different and how it will be measured – agreed criteria to be set out
- Capacity of the TSO to acquire and manage the asset – reference to any accreditations achieved e.g. Community Matters 'visible' standards or DTA 'healthcheck'
- Business case for future uses for the asset e.g. cashflow forecasts
- Type of transfer sought and why
- Statement from sponsoring department supporting the proposal
- Terms of any Service Level Agreement
- Capacity building plan and how this will be delivered
- Details of how the proposed use of the asset will be monitored and details of 'fall back' arrangements should the transfer prove to be not sustainable

7.5 Appendices 1 and 2 show the information required in ordered for an informed decision to be taken around any potential transfer. Full information will be provided to the Executive Board Sub Committee prior to any decision being made.

## **8. The asset transfer process**

8.1 In considering the potential for asset transfer the Council will follow the process as set out in the diagram attached as appendix 4. Key milestones in this process are set out in the table below with indicative timescales.

## **9. Post transfer action**

9.1 The transfer will be subject to ongoing monitoring as described in Appendix 3 to measure the success of the project and provide valuable information in considering future transfers.

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Applications for Asset Transfer from community groups will be progressed through the following stages

### Asset transfer process – key stages

Stage	Who is responsible	Timescale for completion (to be added following further discussion)
Identify need in community for physical base	Council and local partners and community	
Assets for potential transfer identified	Community organisation or Council following asset review	
TSO identifies building for transfer. Complete business case for transfer & Halton Community Assets Framework Stage 1 (Appendix 1)	Community (with sponsoring department assistance)	
Complete initial assessment using Halton Community Assets Framework Stage 2 (Appendix 2) – establish level of discount (if applicable)	Sponsoring department	
Recommendation on transfer –yes refer to Members; no, provide full feedback. Identify alternative solution – e.g. allocation of % of capital receipt to group	Council cross-departmental group on assets	
Decision on transfer	Executive Board Sub Committee	
If yes, negotiate terms	Council legal and property departments and community organisation	
Agree SLA and monitoring arrangements - successfully transfer asset (Appendix 3)		
Total transfer process		