

REPORT TO: POLICY AND RESOURCES COMMITTEE – 19 AUGUST 2013

REPORT ON: COMMUNITY ASSET TRANSFER STRATEGY

REPORT BY: DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 244-2013

1 PURPOSE OF REPORT

- 1.1 To seek approval for a Community Asset Transfer Strategy, a copy of which is attached, that details the framework for transferring certain Council property assets to voluntary and community organisations.

2 RECOMMENDATION

- 2.1 It is recommended that Committee approve the attached strategy.

3 FINANCIAL IMPLICATIONS

- 3.1 There is the potential loss of rental income from properties already occupied by voluntary organisations and charities. There is also the possibility of loss of capital receipts. There is also the potential of savings in demolition costs and holding costs, including rates and security. These costs will be considered at the assessment stage of an application.
- 3.2 The strategy includes the identification of a Community Asset Transfer Co-ordinator to support and assist voluntary and community organisations during and after transfers. It is proposed to fill this post on a 0.5 fte basis by secondment of an existing member of staff for a period of 18 months at Grade 9 (£26,604-£29,518 pro rata). This may require re-grading of the staff member identified for the post and any additional costs arising as a result will be met from the General Contingencies budget.

4 BACKGROUND

- 4.1 The aim of this strategy is to set out a transparent, positive and proactive framework that enables and manages the transfer of assets from Dundee City Council to Voluntary and Community Organisations (VCOs) in order to bring about long term social, economic and environmental benefits to the community.
- 4.2 Council property assets are used for a variety of different social, community and public purposes. For some of these assets, community management and ownership could deliver a range of benefits to the local community and to the VCO taking on the asset, as well as to the Council and other public sector service providers.
- 4.3 The Scottish Government is taking forward its manifesto commitment to promote a Community Empowerment and Renewal Bill which, in part, will address areas highlighted by the findings of the Christie Commission, particularly in relation to strengthening community participation, unlocking enterprising community development and renewing our communities. An exploratory consultation on ideas for the Bill was carried out last year and the draft Bill itself will be subject to consultation this summer.

- 4.4 The national policy context also includes 'Building a Sustainable Future' and the 'Community Empowerment Action Plan', through which the Scottish Government and the Convention of Scottish Local Authorities give strong commitment to enabling communities to participate fully in the events and affairs which affect the community in which they live.
- 4.5 There are many different ways in which communities can become empowered; community ownership of assets (land and buildings) is one method that can contribute. The Big Lottery Fund has recognised this by making provision to fund organisations which will gain influence, develop skills, overcome inequality and improve their futures through the ownership and development of local assets. A meeting is to be arranged to discuss the lottery funding criteria in detail.
- 4.6 Adoption of a Community Asset Transfer Strategy will also contribute to achieving the following outcomes set out in Dundee's Single Outcome Agreement:
- Our people will live in strong, popular, attractive communities
 - Our communities will have high quality and accessible local services and facilities
- and the additional corporate outcome set out in the Council Plan:
- Dundee City Council will make maximum use of its assets and aim to reduce the cost per asset
- 4.7 The Community Asset Transfer Strategy details the Asset Transfer Protocol (Appendix D) whereby property assets will be assessed by the Director of City Development regarding their suitability for transfer.

5 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

- 6.1 The Chief Executive, the Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

- 7.1 There are no background papers.

Mike Galloway
Director of City Development

Colin Craig
Head of Property

CC/LG

20 June 2013

Dundee City Council
Dundee House
Dundee



**Dundee City Council
Community Asset Transfer Strategy**

8 INTRODUCTION AND PURPOSE OF THE STRATEGY

The aim of this strategy is to set out a transparent, positive and proactive framework that enables and manages the transfer of assets from Dundee City Council to Voluntary and Community Organisations (VCOs) in order to bring about long term social, economic and environmental benefits to the community.

Asset transfer represents one mechanism by which the Council can support the delivery of its Vision. Community asset transfer is not suitable for all properties or all organisations, and the Council will continue to work with VCOs to ensure that a range of tools, programmes and initiatives are in place to support the development of a strong and sustainable voluntary and community sector in Dundee.

The term 'community asset transfer' relates primarily to ownership or long lease arrangements at less than best monetary value of property assets to voluntary and community organisations and social enterprises. For the purpose of this strategy document, the term VCO will encapsulate social enterprises where appropriate.

The following strategy will provide a transparent and positive policy framework for the review of asset transfer requests and will complement and support the provisions of the Property Asset Management Plan. This policy also provides a protocol for surplus property asset disposal.

9 NATIONAL POLICY CONTEXT

The Scottish Government is promoting the **Community Empowerment and Renewal Bill** which, in part, will address areas highlighted by the findings of **the Christie Commission**, particularly in relation to community participation, developing community enterprises and community renewal.

Through **Building a Sustainable Future** and the **Community Empowerment Action Plan**, the Scottish Government and the Convention of Scottish Local Authorities (COSLA), give strong commitment to enabling communities to participate fully in the events and affairs which affect the community in which they live.

There are many different ways in which communities can become empowered; community ownership of assets (land and buildings) is one method that can contribute.

Asset ownership will not be the answer for all communities, as much will depend on local circumstances but, when it is appropriate, a range of benefits can be realised.

The Development Trust Association Scotland has been supported by the Scottish Government to review and disseminate effective practice in asset transfer policy to local authorities in Scotland. DTAS looked at both successful and unsuccessful acquisitions and assessed key lessons learned. The review of current practice, **Public Asset Transfer: Empowering Communities** was published in May 2010. [ref:<http://www.scotland.gov.uk/resource/doc/1031/0098558.pdf>].

Through the **Investing in Communities Programme**, the Big Lottery Fund has the ability to fund a wide range of organisations to gain more control and influence over their own future through the ownership of assets.

The Fund's guidelines published in June 2010 highlight three specific investment areas. The most relevant area, in terms of community asset transfer, **Growing Community Assets**, has four specific outcomes which mirror closely several of the Council's desired outcomes from the Single Outcome Agreement (SOA), namely:

- i Communities work together to own and develop local assets,
- ii Communities are sustainable and improve their economic, environmental and social future through the ownership and development of local assets,
- iii Communities develop skills and knowledge through the ownership and development of local assets,
- iv Communities overcome disadvantage and inequality through the ownership and development of local assets

10 LOCAL POLICY CONTEXT

This strategy will positively assist the Council to achieve the desired outcomes of other strategies or initiatives, namely:

- i Single Outcome Agreement (SOA)
- ii Council Plan
- iii Corporate Asset Management Plan (CAMP)
- iv Property Asset Management Plan (PAMP)
- v Surplus Property Disposal Protocol
- vi Local Community Planning Partnerships
- vii Dundee Partnership Fairness Strategy

11 AIMS OF COMMUNITY ASSET TRANSFER

The Council's property assets are used for a variety of different social, community and public purposes. For some of these assets, community management and ownership could deliver a range of benefits to the local community, to the VCO taking on the asset as well as to the Council and other public sector service providers.

a Benefits to the Local Community

- i Devolving power to neighbourhoods in an effort to encourage citizen involvement and community action.
- ii Contributing towards the regeneration of communities and can act as a catalyst for social, environmental and economic regeneration (including the development of community enterprise).
- iii Transferring ownership or management offers opportunities to extend the use of a building or the piece of land, increasing its value in relation to the number of people benefiting and the range of opportunities it offers.
- iv Stimulating the involvement of local people in shaping and regenerating their communities and can be a catalyst for local volunteering and increasing community cohesion.
- v The process of community asset transfer can build confidence and capacity amongst the individuals involved, and can support the creation of community leaders and inspire others to improve their community.

b Benefits to VCOs

Community ownership of assets can:-

- i Generate long term sustainable revenue streams for VCOs making them more sustainable.
- ii Provide local people with a meaningful stake in the future development of the place in which they live and/or work.
- iii Be used as leverage to draw in new finance and expand the level of community activity.
- iv Result in the creation of new organisations (and potentially Council/VCO joint ventures) with the ability to lever in additional resources which would be unavailable to the Council acting independently.
- v Create stronger, more sustainable VCOs, which can deliver a wide range of benefits for the communities they serve. An asset can provide a VCO with financial security, recognition, and management capacity.

c Benefits to the Council and Other Public Sector Bodies

- i Working in partnership with VCOs can help the Council to achieve the agreed outcomes set out in the Single Outcome Agreement.
- ii Deliver social, economic and environmental benefits including employability opportunities.
- iii Contribute to the Council's objective to rationalise its estate and facilitate more effective and efficient use of its asset base where the focus is on better services and community outcomes as a result of strategic asset management.
- iv Help to progress Community Planning priorities.
- v Provide opportunities for long-term working between sectors.
- vi Provide a catalyst for inward investment and local multipliers through local purchasing and employment. Creating the opportunity for investment in the asset that may not be possible within Council ownership.
- vii Bring back into full use properties deemed surplus to requirements or under performing.
- viii Cost savings will be achieved by reducing holding costs, including non domestic rates and security costs. Where appropriate, demolition costs will be avoided.

Benefits can be measured in terms of the economic, social and environmental well being of the community. In considering potential asset transfers, the Council will evaluate each proposal against the benefits based on the submission of a business plan.

12 ASSET TRANSFER PRINCIPLES

- i The Council's strategy for the transfer of assets to the community is guided by the following principles:
- ii Proactive Strategy - The Council will seek to implement the policy proactively through awareness raising, outreach and support in order to encourage appropriate groups to take on an asset.
- iii Responding Strategically - The Council will respond to requests for asset transfer by exploring the strategic implications of a transfer. This will take account of priorities set out in other corporate strategies and objectives.
- iv Transparent and Consistent - 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, costs and risks of the transfer.
- v The Council will identify a suitably qualified Community Asset Transfer Coordinator with in depth knowledge of VCOs operations. The Community Asset Transfer Coordinator, along with other council service staff, will support and assist the VCOs during and post asset transfer.
- vi Whilst fully supporting the principle of asset transfer, this policy also recognises that some assets must remain under Council ownership and management in order to support delivery of essential services, continue to provide an income stream to the Council or support economic activity in an area. In addition some assets may have restrictive covenants on them making them unsuitable for transfer. The Council will consider, as part of the initial assessment of an application, whether an asset should be retained by the Council or could be transferred.
- vii Similarly, the Council will respect the views of groups which want to have access to properties by lease but do not want to take on the responsibilities which will come with transfer of ownership.
- viii Assets will be transferred at less than market value, subject to satisfying the terms and conditions of the **Disposal of Land (Scotland) Regulations 2010**. Any transfers involving HRA property assets will be subject to the approval of the Scottish Ministers in terms of the **Housing (Scotland) Act 1987**.

13 ASSESSMENT PROCESS

Any decision to transfer an asset to the community would require the Council to review a number of broad criteria:

- i Benefits to the respective parties
- ii Potential loss of any existing income
- iii Retention of assets for direct service delivery
- iv Asset has been declared surplus by the Council or is subject to a request for transfer from a VCO
- v Potential loss of capital receipts

Applicants should normally be able to demonstrate that:

- i the VCO has the knowledge, skills and structures to take on the liabilities, including health and safety requirements, that go with managing land and buildings and delivering services. Consequently, the key to its success will be the level of support provided to the community to build the skills and expertise in these areas both within existing groups and organisations and also in encouraging the establishment of new ones.
- ii the VCO is formally constituted, is accountable to independent trustees or members, does not distribute profits and is non-political. It is not possible to provide a comprehensive definition of the types of community group covered by this policy. VCOs take many forms and can adopt different types of legal structures.
- iii the above two are met through a robust business plan (see Appendix B). These business plans will be essential in determining whether the group and/or organisation and their proposal for delivering services is viable and acceptable to the Council. The evaluation of such proposals will be undertaken by a group comprising a sub-group of the Social Enterprise Development Board and Community Asset Transfer Coordinator.

Fundamental to the success of any transfer is the demonstration that the proposed applicant has a clear rationale and an ability to manage the asset effectively, backed by a sound business case (Appendix B). For suitable assets, potential transfers will be considered on a case-by-case basis against the criteria.

A support mechanism will be required to support the application and assessment process. There is a network of organisations that can provide specialist business, social, funding, property appraisal advice etc to support VCOs through the process and may be used at the discretion of the VCOs.

14 TRANSFER PROCESS

In considering the potential for an asset transfer, the Council will follow the process set out below. It is recognised that requests for an asset transfer could come directly from a VCO, who may be an existing tenant, or as a result of an asset being declared surplus to operational requirements.

Where the Council has determined that a property is surplus to its service delivery requirements and, following the process set out in the Council's surplus property disposal protocol (Appendix D), it is considered that the property will not be placed on the market, nor is it required by another public sector organisation, then the asset will be subject to an open tender seeking expressions of interest from the community. In the event that more than one group expresses interest in an asset, a selection procedure will be adopted.

The key stages of the transfer process and indicative timescales are set out in Table 1 below. For flowchart see Appendix C.

Table 1

| Stage | Process or Action | Responsible | Indicative Timeline |
|--------------|---|---|----------------------------|
| Stage 1 | Asset declared surplus/vacant and asset transfer protocol confirms community asset transfer should be progressed or Asset transfer request received from VCO | City Development VCO | |
| Stage 2 | Expressions of Interest Sought from VCOs through Stage 1 Transfer Process or Council assess suitability for transfer of asset | Chief Executive's Department Community Asset Transfer Coordinator | 2 months |
| Stage 3 | Submission of Business Plan for assessment through Stage 2 Transfer Process | VCO | 2-4 months |
| Stage 4 | Assessment of Business Plan and report to VCO | Community Asset Transfer Coordinator and Social Enterprise Development Board | 1 month |
| Stage 5 | Legal aspects and operational issues - Stage 3 Transfer Process | Chief Executive's Department Community Asset Transfer Coordinator | 1 month |
| Stage 6 | Recommendation to Council subject to Ministerial consents (if applicable) | Chief Executive's Department Community Asset Transfer Coordinator | As required |
| Stage 7 | Formalise Service Level Agreements, funding and conclude asset transfer Stage 4 Transfer Process | Chief Executive's Department Community Asset Transfer Coordinator and City Development | As required |

After one year, the strategy, process and success of community asset transfer will be reviewed and recommendations made to review the strategy, if required.

Appendix A

Risk Audit

It has to be acknowledged that there may be a number of potential risks inherent in the transfer and operation of assets. Potential applicants are expected to use the support and advice available from the Community Ownership Support Service (part of DTAS) and the Council's Community Asset Transfer Coordinator. Table 2 lists some of these risks.

A robust business plan and due diligence through the pre-sale assessment process should address any potential risks.

Table 2

| Identified Risks | Mitigation |
|---|--|
| The potential length of time involved in concluding a transaction could give rise to a significant cost liability to the Council in terms of increased property holding costs | Streamline review process to sieve out weak or borderline applicants. There will be a holding period which will incur costs (e.g. security, rates, maintenance) to the Council. It is envisaged that it may be approximately 12 months + from receiving an application to the VCO securing funding and the transfer concluding. |
| Property requires investment to ensure building is fit for purpose | The acquisition price is adjusted to reflect the level of investment required, or the Council incurs this expense on behalf of applicant which will require additional budget. The business plan should clarify how the investment is to be financed as Big Lottery/Social Investment Fund loan etc. |
| The VCO does not have the experience or capacity to take on the responsibilities which come with transfer | Third Sector Support Organisations and the Council's Community Asset Transfer Coordinator will work with groups to build capacity and dissuade groups from bidding until they appear capable of succeeding. |

For more information on Managing Risks on Asset Transfer go to:

<http://www.dtascommunityownership.org.uk/content/transfer-an-asset/managing-risk-in-asset-transfer>

APPENDIX B

Business Plan

Whilst it is not intended to be prescriptive, in terms of format, any assessment of the business case would normally address the following issues amongst others:

Table 3

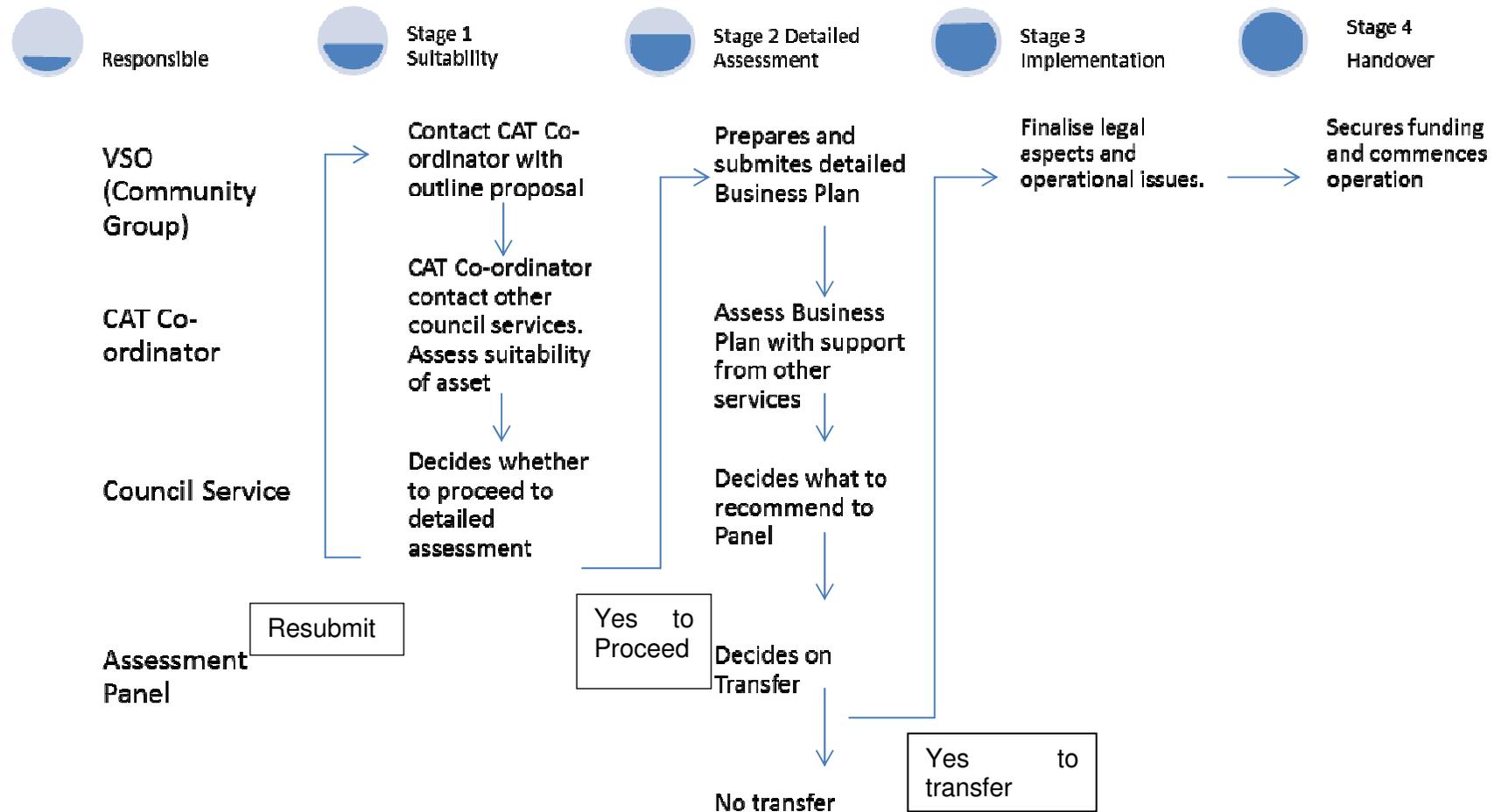
| Summary | Detail |
|------------------------|--|
| Applicant's Detail | Capacity to deliver service Levels of community support Governance and legal structure |
| Summary of the Project | Type of transfer sought eg sale or lease. If not lease, demonstrate requirement for ownership. Objectives, outcomes and benefits from the transfer. |
| Market | Social, economic or environmental benefits of transfer below Market Value. Terms of Service Level Agreements. Identification of the asset and the need(s) it will satisfy. |
| Promotion | Marketing strategy, if applicable. |
| Resources | Financial sustainability. 5 year business plan. Sources of finance. Cash flow forecasts. Support from relevant service department. |
| Risk Assessment | Contingency planning arrangements. Proposed investment in property and maintenance regimes. Demonstrate on going capability to manage the premises, including adherence to health and safety legislation. Asset lock in place in event of VCO failure. |

APPENDIX C

The Community Asset Transfer Coordinator will be the central contact point for all applications, enquiries and the list of surplus property assets. They will take the lead role in responding but will work with officers from across all services in assessing each application and managing the transfer, if approved.

In considering the potential for community asset transfer the Council will follow the process as set out in the table below. For each stage officers of the Council will be available to provide advice and guidance on what is required. Alternatively the VCO may choose to seek help from other support agencies.

Table 4 – Transfer Process



APPENDIX D

COMMUNITY ASSET TRANSFER STRATEGY
- ASSET TRANSFER PROTOCOL

