

CITY OF  
WOLVERHAMPTON  
C O U N C I L

Community Asset Transfer  
Strategy

*A Community Asset Transfer (CAT) is the process of when a Public Sector Body transfers the management and/or ownership of a property asset, sometimes including delivery of associated services, to a Voluntary Community Organisation.*

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## **1. What is a Community Asset Transfer?**

A Community Asset Transfer (CAT) empowers the community to own and manage their own facilities.

The strategy can be applied in circumstances where strategic priorities, at both corporate and community levels, can be addressed by Voluntary Sector Organisations through achieving service continuation and improvements along with social value benefits.

All CAT's are individual and as such will each demonstrate their own individual characteristics. A number of key themes will however be present in all transfers including:

- CAT's are to be community lead and meet the community demands;
- All details concerning the transfer must be transparent; and
- The project and associated transfer must be sustainable.

CAT's can be conducted at less than market value if it can be evidenced there is a local social, economic or environmental benefit, but is important to note that a balance needs to be achieved between community asset transfer and the Council's financial requirement to generate capital receipts through disposal of its surplus property.

### **1.1 Why are CAT's important?**

The Council continues to face a challenging financial climate for delivery of public services due to ongoing cuts to the budget provided from the UK government. This can result in certain areas of the community feeling isolated and unable to develop, particularly in those areas in greatest need of economic stimulation.

CAT's are important as they support community empowerment by ensuring that land, buildings or services are retained or transformed and can continue to be of benefit for the public through community ownership and management. Where public assets are made available, it can assist both communities and local leaders improve the local area and the Council recognises that with the appropriate support, these community lead initiatives

can achieve better outcomes through providing a perspective that the Council may not be able to develop itself.

## **1.2 Purpose of the Strategy**

This strategy is issued in accordance with the Local Government Act 1972 and is intended to act as a guide for:

- Decision makers within the transferring body (The Council);
- Voluntary Community Organisations (Community Associations, Voluntary Organisations, Charities, Social Enterprises, Community Businesses) who wish to apply for a CAT; and
- The wider public who will be the beneficiaries of the asset transfer through the service it provides within the community.

It will provide an integrated solution to assist in safeguarding against issues both now and in future generations and aids delivery of the key themes detailed within the Council Plan 2019 -2024, with particular emphasis around providing correlation with the core values of the 'Wolverhampton For Everyone' initiative. It also ensures the Council PRIDE values are upheld and supports delivery of the Strategic Asset Plan 2018 – 2023.

## Council Plan

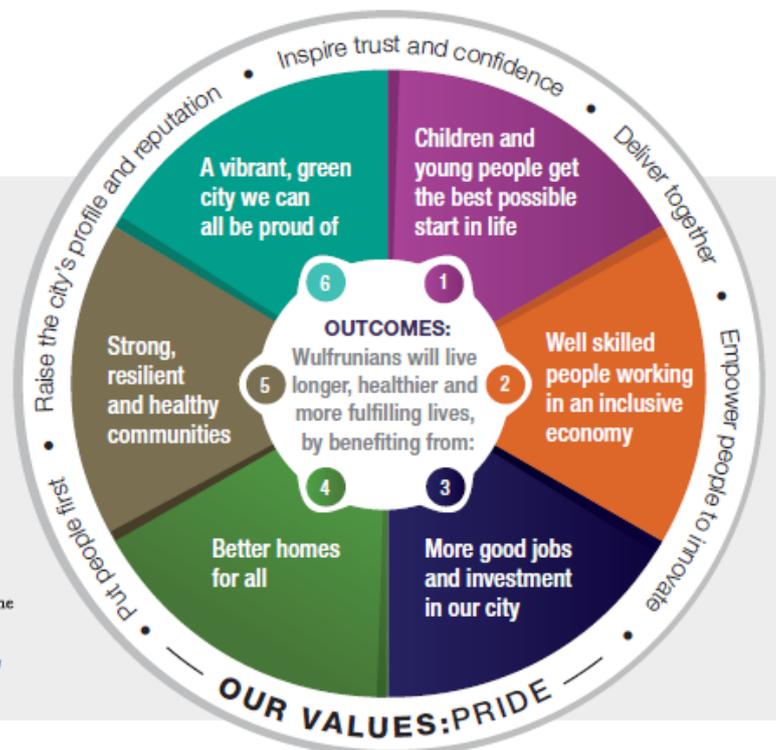
Working together to be a city of opportunity and to deliver our contribution to Vision 2030

CITY OF  
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Wolverhampton for Everyone  
a people powered city

'Connecting people, places and communities to unlock potential and create change'



This CAT Strategy is intended to provide a framework for the City of Wolverhampton Council and their partners to address and assist with the transfer of assets to predominantly local voluntary and community organisations (VCO's), larger national organisations will not be excluded. CAT methodology must centre on mutual benefit through a joined-up vision to achieve a shared goal.

The definition of a VCO as adopted for the purpose of this strategy is the same as that adopted for Mandatory Rate Relief which details that a VCO falls into one of the following categories:

- i) a charity which is included in the register of charities;
  - ii) an organisation, which although not a registered charity, is established for charitable and philanthropic purposes only and provides for the relief of poverty, the advancement of religion, education or other purposes beneficial to the community including science, literature or the fine arts;
- or

- iii) an organisation which is registered with the Inland Revenue as a Community Amateur Sports Club (CASC).

Successfully managing a building or service carries risks and this CAT strategy aims to provide a fair and accountable approach for the transfer of assets from the Council to local community groups. It is to be adopted by VCO's to measure their state of preparedness to initially undertake a transfer through demonstrating the viability of their proposal indicating their ongoing capacity and capability to appropriately manage the asset.

The Strategy will also allow the Council to assist VCO's in providing ongoing support in an open and innovative manner to support the sustainable future management of the asset through greater levels of engagement.

***The key message from the CAT Strategy is that it provides a transparent corporate process for asset transfer detailing both clear stages and timescales for each party, with a mutual understanding of the long-term implications and opportunities associated with both the success and failure of the venture.***

### **1.3 Regulatory Framework**

Local Authorities can dispose of property in several ways. However, guidance issued by the UK Government stipulates that any Local Authority who are disposing of publicly owned assets must do so in an appropriate manner and be correctly accounted for.

The disposal of a public asset is usually conducted on a commercial basis to ensure compliance with the general legal requirement that a Local Authority must achieve best value for the property, commonly referred to as 'best consideration'.

This is detailed within Section 123 of the Local Government Act 1972.

There are certain circumstances that allow the Council to dispose of an asset below market value. This is usually where it can be supported by demonstrating that the disposal will provide benefit to the community through improvement to the economic, social or environmental well-being of the locality.

It is also necessary to consider the legislation concerning State Aid when conducting a CAT. This is where assistance is selectively provided from a publicly funded body to organisations conducting economic activity. Further advice can be found on State Aid on the UK Government website:

<https://www.gov.uk/guidance/state->

## 2. Who can apply for a Community Asset Transfer?

A CAT can be undertaken by a Voluntary Community Organisation (VCO), including larger national organisations. This is detailed further in section 1.2 of this strategy.

The organisation must be driven by value rather than profit and will demonstrate social, cultural or environmental objectives with any surpluses reinvested to further benefit the community they serve.

## 3. Community Asset Transfer Process

The Council have a robust asset management process to support overall delivery of the 'Our Council' programme and in particular 'Our Assets'.



### Our Assets

We will rationalise our buildings, vehicles and equipment to provide better use for ourselves, our communities and our partners. Our assets will be used to unlock investment in the city, by providing space for new homes and developments that bring wider economic benefits.



### Our Data

We will use data and insight to lead policy development and decision making. Data will be open and available, enabling people to engage with us more freely and to ensure decision making is closely aligned with communities' needs. We use data confidentially to be effective and efficient.



### Our Technology

We will embrace digital technology throughout our organisation to enhance customer access and will continue to improve the efficiency and joined-up nature of our services. Our communities and partners will be able to self-serve and access information when they want it, how they want it.



### Our Money

We will have a sustainable, agile organisation able to work with partners and communities to unlock the potential of our city. We will operate as efficiently as possible whilst embedding a commercial culture throughout the organisation to meet our financial challenge.



### Our People

We will continue to develop a highly talented and empowered workforce with the skills, drive and innovation to meet ever changing demands, and to work collaboratively and confidently to tackle our city's priorities.

This includes regular reviews of property holdings to ensure any assets surplus to requirements are identified, including those potentially suitable for a CAT and are then subject to the Council's disposal process.

This process allows assets to be identified and excluded as a potential CAT where they have been identified for alternative Council use including economic development purposes and those that have the capability to generate significant capital receipts on the open market assist in funding capital projects. The Disposal process allows consideration of assets identified for disposal from various originating sources and is flexible to deal with these varying circumstances. The process also allows the Council flexibility to engage with a particular organisation based on the asset and nature of proposed disposal.

Where assets have been identified as suitable for CAT, they will be published on the Council website to allow a fair and transparent process for all interested parties to submit their expression of interest on the pro-forma provided. The link for this is detailed below.

<https://www.wolverhampton.gov.uk/business/business-property/community-asset-transfer>

There will be a staged approach to the CAT process (as detailed below) that is of benefit to both the applicant and the Council. This ensures valuable resources are not spent preparing and assessing a full business case that has minimal chance of progressing and to also highlight any areas where a business case may be improved.

### ***Stage 1 – Expression of Interest***

Asset listed by the Council for potential CAT or identified by a VCO for consideration with an Expression of Interest form to be completed by applicant. Suitability of the asset will be considered by the Council along with the scope of transfer. If the asset or any applications (if more than one) are identified as not suitable at this stage, all applicants will be notified. Assets will be listed for a defined period as set by the Council.

### ***Stage 2 – Council Disposal Process***

Having been identified as potentially suitable for CAT, the asset will then be subject at this stage to the Council's disposal process.

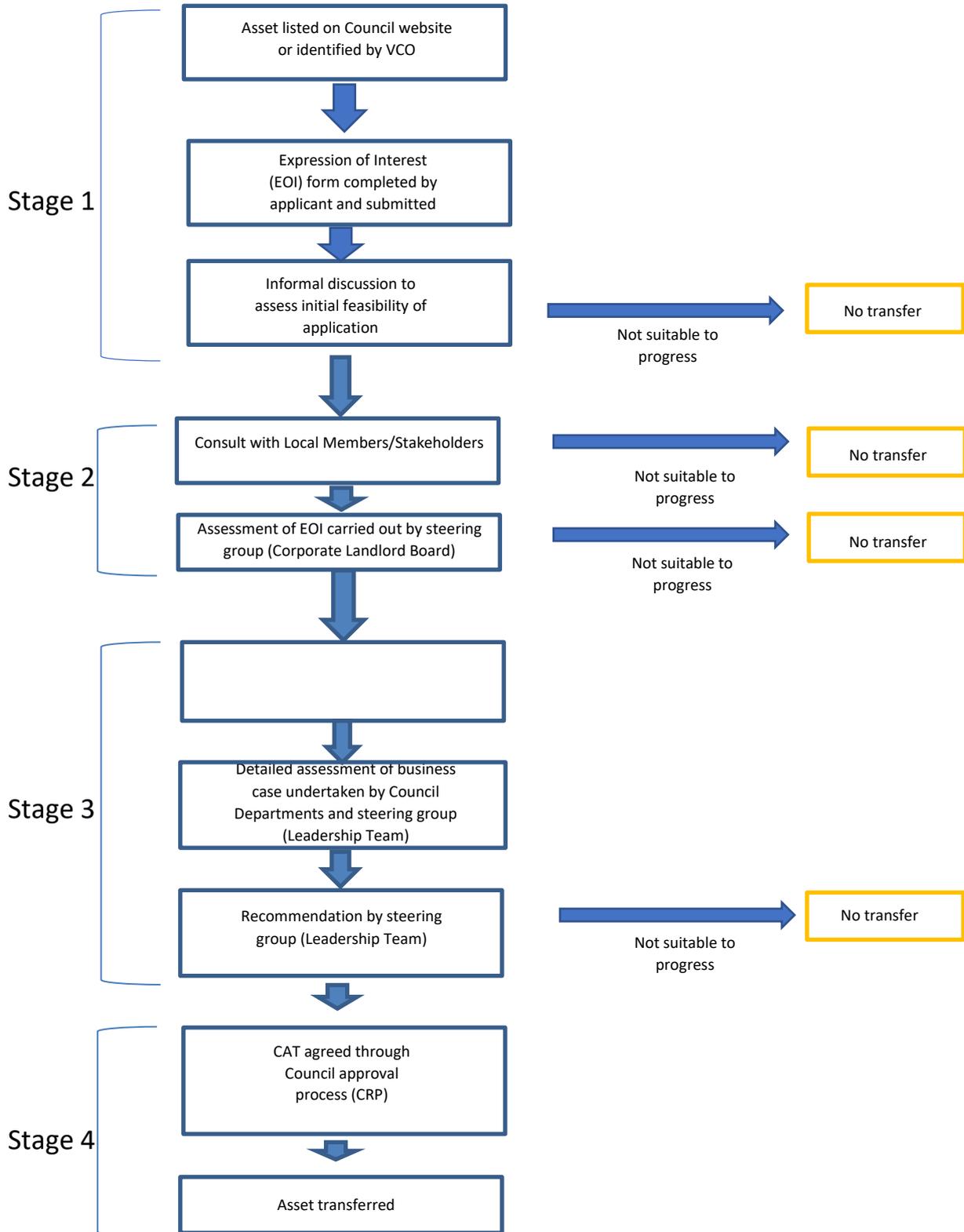
### ***Stage 3 – Full Business Case***

If successfully passing through the disposal process, any applicant having progressed from Stage 1 will now be required to submit a full business case. The criteria for this are detailed further in section 3.1 'Assessing Community Asset Transfer Application'

### ***Stage 4 – Decision and Completion***

Subject to the business plan received being acceptable, the Council will then make a recommendation and seek the authority required for the CAT to progress and complete the formal transfer.

# Community Asset Transfer Process



### **3.1 Assessing Community Asset Transfer Applications**

It is important that any decision process concerning CAT's are transparent and the applications are assessed against clear and consistent criteria. This is of particular importance where there may be several VCO's interested in the same asset. This section will address how the application itself will be assessed, while further details on the Applicant criteria can be found in section 4.1 of this strategy.

When assessing an Expression of Interest(s), the Council will appraise all applicable applications against other options for the asset. This will be to substantiate the social and economic benefits that each proposal may deliver. This allows the Council to ascertain potential risk for each option and to justify any decision. These options may include:

- Rejection of the application;
- Freehold transfer at Market Value (or best consideration);
- Long-term leasehold (preferential for CAT to allow all parties to realise objectives); or
- Short-term leasehold, tenancy at will, licence to occupy, tenancy agreement.

If a CAT is deemed to be the most appropriate option, several factors will need to be addressed in assessing the rationale provided by the applicant(s) as to their suitability. This allows the Council and the applicant to ensure any identified risks in managing the asset are reduced prior to transfer.

The main elements to be addressed include the following:

- Applicant meeting the eligibility Criteria (further detail provided in section 4.1)
- Asset ownership;
- Outline proposal for the asset use and scope of transfer
- Organisational health check;
- Business Plan and Finance (required if application is progressed to stage 3 with further details provided for applicant in section 4.1).

The business plan element would provide detailed information addressing a number of criteria on which the application would be assessed including:

- What community benefits will be realised by the transfer;
- The value of any charges payable by the Council in relation to the transfer;
- How the interests of local people will be better served;
- The capacity of the applicant and their sustainability;
- Financial resilience of the applicant;
- Regeneration, social, environmental and economic benefits realised;
- Planning policy;
- How the transfer would assist Council efficiency and co-location of service providers;
- Relevant knowledge, including experience of delivering in the community;
- Proposed terms of transfer;
- How the transfer may impact on the future operations of adjoining or retained assets;
- Measures for safeguarding future management of the asset if the applicant ceased to exist including contract terms and covenants.

It must be acknowledged that there is no standard CAT with each asset being considered being unique. As such, all CAT requests will be considered and judged on its own merits and individual arrangements will be agreed as part of the process. To support this the Council will endeavour to provide as much information to support the applicant as practicably possible but should not be compelled to provide information that has no relevance or that does not exist. At all stages of the CAT process, the Council will ensure as much detail as possible is made available to the applicant in relation to any responsibilities and liabilities that may be incurred in connection with the transfer. Further advice is available from the Wolverhampton Voluntary Sector Council.

Where several parties expressing an interest in the same asset, the Council will aim to encourage collaboration where possible. Where this is not a suitable, a competitive process will be undertaken with both applications then assessed on their individual content, whilst ensuring that the Council attempts to obtain

'best consideration' in accordance with Section 123 of the Local Government Act.

### **3.2 Timescales**

The below outlines timeframes for the Community Asset Transfer process.

**Stage 1** – A decision on the initial EOI will be made within 4-6 weeks once received by the Council.

**Stage 2** – If the application is progressed, a stage 2 decision will be provided within 16 weeks

**Stage 3** – A full business case assessment will be conducted within 12 weeks of receipt.

**Stage 4** – Following approval of the stage 3 business case, approval and completion will take place within 16 – 24 weeks.

**Total timescale** – Up to 58 weeks

Please note that the above timescales should be used as guidance only. Sufficient time will be granted to all parties to collate and provide the required information at each stage and any decisions will be communicated to the applicant in a timely manner with reasons to support the outcome. It is also important to recognise that where there are external dependencies such as decisions on funding or large, complex issues, this could take up to 24 months to resolve and complete.

## **4. Guidance for the Applicant**

When a VCO applies for a CAT, it must familiarise itself with the Council's strategy on the matter and any associated policies. Organisations need to be aware of the scale of commitment required successfully manage the asset post transfer and offer sustainability in the long term as opposed to just securing the asset for transfer. The support required will be identified as part of the Full Business case submission and analysis.

The Council recognises that ongoing support of the VCO will be required post completion and recognises that the partnership extends beyond the point of transfer to ensure longevity of the transferred asset.

The below guidance provides an overview of what is required from the Applicant at stage 1 (Expression of Interest) and stage 3 (Full Business Case) of the CAT process.

### **Stage 1**

The initial Expression of Interest (EOI) should provide the Council with enough information to enable a decision to be made as to whether the application will be progressed to the next stage. The information to be provided in the EOI form should include:

- The name and contact details of the organisation;
- The type of organisation;
- The structure and purpose of the organisation;
- The details of the asset and transfer type requested;
- The proposed use of the asset;
- Details of any experience in managing assets and associated services;
- The benefits to be realised by the community, the organisation (Applicant) and the Council;
- Details of partners, collaborators, stakeholders and community involvement;
- Statement from sponsoring Council service if supporting the proposal;
- Initial financial information to support the proposal.

### **Stage 3**

The stage 3 business plan should provide an in-depth proposal that will allow the relevant Council steering group (Leadership Team) to make an informed assessment of the application against the criteria. It will provide the Council an overview of the financial position of the organisation and associated risk, evidence of proven track records delivering similar projects and how future opportunities will be maximised. This will include details of;

- **The Project** – Detailed information concerning the organisation, values and mission statement complete with aims and objectives;
- **The Market** – Information on how the project will serve the community through existing and target markets along with the potential realisable benefits and identify opportunities for building partnerships through collaboration;
- **Business Growth and Development** – This will provide a business development strategy for the organisation over a minimum 5-year period;
- **Management and Operations** – A complete breakdown of all governance, staffing details, relevant policies and procedures alongside details for operating the asset and service on a day to day basis and development plans for community activities;
- **Development Plan** – Details of the project and organisation sustainability and potential expansion opportunities;
- Planned income for a minimum of 5 years, expenditure profile, and income generation proposals (grants/fundraising/sponsors etc)
- **Risk Management** – A clear understanding and acknowledgement of risks associated with the project and asset transfer with supporting mitigation plans.

The Council will consider the level of responsibility that is appropriate to be transferred to the VCO, however it is advised that all applicants take independent advice to understand their legal and financial responsibilities before proceeding.

#### **4.1 Application Criteria**

To be eligible for a CAT, the applicant will need to consider the following:

##### **The Applicant**

- The Applicant must be a legal entity that meets the criteria of a VCO as detailed in this strategy
- Must exist for community/social/environmental benefit
- Demonstrate community engagement

- Demonstrate it has the capacity and skill to deliver both the service and manage the asset
- Be able to provide copies of annual reports and accounts when required
- Must benefit a diverse and wide range of people as possible and operate an all-inclusive approach
- It must directly benefit the local community and its residents
- Demonstrate good financial control with appropriate process in place
- Be non-profit and invest surpluses into the community it serves

#### **The Asset**

- Have a legal interest owned by the Council
- Multi-use and co-location are to be encouraged where possible

#### **The Proposed Use**

- There should be a need and demand for proposed services
- The proposed use will support delivery of the Council Plan 2019 -2024
- The use of the asset will maximise opportunities to ensure sustainability
- The asset will be utilised at an optimum
- The use will be open to all

## **4.2 Engagement and Consultation**

All potential applicants are encouraged to engage with Voluntary Sector Representative Organisations to assist in preparation of EOI's and Business Plans. This will help reduce the number of unsuccessful applications and to provide guidance for VCO's in determining if an asset is viable and fit for purpose.

The following organisation can provide such support within Wolverhampton:

Wolverhampton Voluntary Sector Council

<http://www.wolverhamptonvsc.org.uk>

It is also recommended that VCO's engage and request support from Councillors as they will have links with local groups and provides evidence of community engagement.

## **5. Expression of Interest Form**

The link below will direct you the Council website where the Expression of Interest Form can be completed electronically

<https://www.wolverhampton.gov.uk/business/business-property/expression-of-interest>