

ASSET TRANSFER POLICY STATEMENT

EXECUTIVE MEMBER: Councillor E Woodburn
LEAD OFFICER: Pat Graham Head of Development Operations
REPORT AUTHOR: Chris Lloyd, Contracts and Property Manager

Summary and Recommendation:

Executive is presented with an Asset Transfer Policy Statement which has been produced to provide a clear basis for consideration and approval of applications for transfer of assets to the Community and will form part of the implementation of the Strategic Asset Management Plan to be received by Executive and then presented to Full Council in February 2010.

Executive is asked to consider and approve the Asset Transfer Policy Statement.

1. INTRODUCTION

- 1.1 Central Government is encouraging local authorities to engage with local communities and to transfer underused assets to community bodies, or Not for Profit Organisations where there is a clear benefit.

2. ARGUMENT

- 2.1 The Council should have an open, transparent and consistently applied procedure to be used where the transfer of an asset is requested to ensuring everyone is clear on how the process operates. The application of this policy will ensure consistency of approach and that both the Council and applicants, fully understand the implications of taking on, or transferring a particular asset.
- 2.2 The present five year Asset Management Plan is about to be drawn to a close and will be reported to Members shortly.
- 2.3 A new five year Strategic Asset Management Plan will then be provided for consideration in early 2010, this will require the approval of Full Council. The Plan will build on previous developments and provide members with clear information about the characteristics of the portfolio of land and property. This will include classification of the purpose for holding a land or property asset i.e. for operational purposes, for investment, community use, or surplus to requirements. This document will also identify the assets the Council considers appropriate for transfer.

2.4 The Asset Transfer Policy Statement will relate and link strongly to the Strategic Asset Management Plan, in so far as the policy offers guidance on how the Strategic Asset Management Plan will be implemented with regard to community transfer. This document is being brought to Members in advance of the wider documentation as some initial approaches have already been made to the Council and we are unable to consider these requests fairly, and consistently in the absence of a policy. This policy will guide the process and the applicants in a positive and helpful way, these parties will need to time to prepare their business case in accordance with the policy.

2.5 The Strategy/Policy is attached at Appendix A

3. OPTIONS TO BE CONSIDERED

3.1 Where no such strategy exists there is a danger that different standards and criteria are used at the point when each application is made, that the Council may not be aware of the full implications of disposing of an asset, and also that the applicant has not fully investigated the full implications of taking on an asset. These factors could lead to a failure in achieving the expected outcomes.

3.2 Having an acceptable policy overcomes these dangers, ensures the transfer is fully considered, and reduces the risks of successful asset transfer. The Policy also enables the authority to make informed decisions about when not to transfer an asset.

3.3 There are a number of options around transfer, for example an asset may be gifted, or released on a long lease, these discussions will form part of the decision making process, but the Council's interests will continue to be protected and the provision for claw back be built into any agreement should any change in circumstances occur.

4. CONCLUSIONS

4.1 The Council should have an acceptable Asset Transfer Strategy and Policy Statement to enable proper consideration and administration of the transfer of assets to the community

4.2 Executive is asked to consider and approve the Asset Transfer Strategy and Policy Statement.

5. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

5.1 The Policy should maximise understanding of the implications of asset transfer and maximise benefit both to the Council and the affected communities.

5.2 Officer time will be required to evaluate and report on applications.

6. PROJECT AND RISK MANAGEMENT

- 6.1 All applications will be required to include provision of a Business Plan and considerations of full life costs for their proposals.

7. IMPACT ON CORPORATE PLAN

- 7.1 The Council will use its assets, with partners to enable communities to be more proactive in the management of their localities and fulfil community aspirations.

- 7.2 The policy provides strong support for the Council theme of Transformational leadership with clear links to:

1 To lead change within West Cumbria and achieve improvements through the effective use of resources.

1.1 The Council is recognised as an excellent community leader

1.2 The Council influences decision making at a national and regional level

1.3 Staff, stakeholders and partners receive clear direction

1.4 We are involved in strong working partnerships to deliver our public priorities

1.5 The community's priorities are delivered through the efficient use of resources and effective performance management

1.6 Communities are involved in local decision making

List of Appendices

Appendix A - ASSET TRANSFER STRATEGY AND POLICY STATEMENT

List of Background Documents: Asset management files

List of Consultees: Corporate Team

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed . This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	Expected to contribute with involvement of community
Impact on Sustainability	Expected to contribute with involvement of community
Impact on Rural Proofing	No
Health and Safety Implications	No
Project and Risk Management	Included

Impact on Equality and Diversity Issues	Expected to contribute with involvement of community
Children and Young Persons Implications	Not specifically
Human Rights Act Implications	Not specifically
Monitoring Officer Comments	Dependent on anticipated discount there may be occasions where under current CSOs Council consent to a disposal will still be required. For other occasions involving large discounts the consent of the Secretary of State will be required. However I understand that the Strategic Asset Management Plan will provide the strategic context for dealing with such cases.
Section 151 Officer Comments	Asset transfer is an important part of a strategic asset management approach

Please say if this report will require the making of a Key Decision NO



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1. Purpose of the strategy

- 1.1 The purpose of the strategy is to establish a transparent, positive and proactive framework to enable asset transfer from the local authority to the NFPO to take place and be successful in the long-term.
- 1.2 The term 'asset transfer' relates primarily to leasehold or freehold arrangements on certain properties which have been specifically approved for this purpose, at less than best consideration, or in giving NFPOs 'first-refusal' on a commercially-based disposal.

2. Policy statement on community asset transfer and Not for Profit organisations (NFPO)

- 2.1 The Council supports NFPOs as partners in the delivery of services and in providing a link with local communities. Working in partnership with thriving NFPOs can be of benefit to local communities.
- 2.2 The Council recognises that the way its physical assets are managed can have a positive impact on the long-term strength of the NFP and local communities more generally. Through asset ownership, NFPs can grow and become more secure, gaining access to sources of additional investment that the Council itself may not be able to access. The aim is to ensure that the way assets are managed underpins the wider corporate aims and where appropriate, the Council will use asset transfer as a means of enabling NFPs to become sustainable on a long-term basis.

3. Aims of Community Asset Transfer

- 3.1 The Council's existing 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
- 3.2 Public 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 can offer opportunities to extend the use of a building or piece of land, increasing its value in relation to the numbers of

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people that benefit and the range of opportunities it offers. Community-lead ownership can offer additional opportunities to secure resources within a local area and to empower local citizens and communities.

3.3 Appropriate assets could be transferred to appropriate 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 community
- Economic development and social enterprise
- Improvements to local services
- Value for money

4. National policy context

4.1 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. The Secretary of State for Communities commissioned Barry Quirk, Chief Executive of LB Lewisham to carry out a review into the barriers preventing community asset transfer. It also 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.

4.2 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*. The Government's plan for taking the review forward included a demonstration programme with local authorities and their partners, a guide to managing risks in asset transfer and a series of regional awareness-raising workshops.

4.3 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.

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4.4 The Government's Empowerment Action Plan published in 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.

4.5 In July 2008 CLG White Paper "Communities in Control: real people real power" confirmed ongoing support for the Quirk review, announced the establishment of a national Asset Transfer Unit, extended the Advancing Assets programme by a further year and announced a £70mn Community builders fund. 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.

5. Local policy context and links to other strategies

5.1 The Strategy links to the following local policy documents and links to asset management and transfer may include:

- Corporate Improvement Plan
- Asset Management Plan and annual review
- Capital strategy
- Future generation (A Strategy for Sustainable Communities in Cumbria 2007 - 2027).

6. Principles of the asset transfer policy

6.1 Community asset transfer is underpinned by the following principles which are divided into three sections:

- Principles for a strategy
- Principles of responding strategically to a disposal opportunity
- Principles of good process

6.2 A proactive strategy

- The Council will seek to implement the policy, through awareness raising, outreach and support etc to encourage selected groups to

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take on an appropriate asset, linked to its ongoing programmes of support to the local community or organisation.

- Any proposed asset transfer should support the aims and priorities of the Council as set out in adopted policy.
- The Council views its policy on community asset disposal positively as part of long-term support to, and partnership with, the a range of Not for Profit Organisations.

6.3 Responding strategically to asset transfer

- The Council will take a Strategic approach to Asset Transfer through reviews of the asset transfer potential of its assets, and the establishment of priorities
- Once the policy framework has been established within the Council, opportunities to extend the approach to other public bodies will be taken

6.4 Establishing a good process

- The Council will have a transparent corporate process for asset transfer
- 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.

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 a NFPO and local communities

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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

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.

7.4 An 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:

8. Elements of the business case could include

- 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 NFPO to acquire and manage the asset – reference to any accreditations achieved e.g. National federation of Community organisations Community Visible Communities Quality Standards or Community Matters 'visible' standards or Development Trust Association 'health check'
- Business case for future uses for the asset e.g. cash flow 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

9. The asset transfer process

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9.1 Key milestones in this process are set out in the table below with indicative timescales.

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

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Asset transfer process – key stages

