



Developing a Community Asset Transfer (CAT) policy: a guide for local authorities



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Introduction

Across the country, local authorities are supporting communities to take ownership of much-loved buildings and spaces and are achieving real social, economic and environmental benefits in return. Through Community Asset Transfer (CAT), councils and residents are working in partnership to revitalise our civic infrastructure and transform our neighbourhoods.

New research from Locality and the Co-op, **In community hands: lessons from the past five years of Community Asset Transfer**, reveals a steady picture of CAT across the country, with an estimated average of 341 buildings and spaces being transferred into community ownership each year. But we also know that that is a drop in the ocean compared to the scale of the sell-off of publicly-owned land and buildings on the open market, driven in part by pressures on local government finances.¹

Community Asset Transfer is a powerful alternative to private sale, protecting community buildings and spaces for community benefit for the long term. Through CAT, councils and communities can work together to maximise local value and minimise public sector cost. Not only is community ownership injecting new ideas, innovation and creativity into the accessibility and impact of local spaces, it is also bringing communities together, creating connection and delivering real local economic benefits.

Yet our research also finds that less than half of local authorities have a CAT policy in place to guide their approach to community ownership, suggesting CAT activity is taking place in the majority of these councils on a more ad hoc basis. This means that councils are missing out on the opportunities to unlock the wider benefits which taking a strategic approach to community ownership can bring, from commissioning to local economic development. Having a CAT policy in place also delivers improved accountability and transparency of decision-making on community ownership, a benefit both for community groups and local authorities themselves.

About this guide:

The Co-op and Locality are working in partnership to protect, support and improve at-risk community spaces. We believe that Community Asset Transfer is a powerful route to revitalising and improving community spaces, unlocking the potential of resident-led action and delivering real social, environmental and economic benefits.

This guide is for councillors and local authority officers interested in unlocking the power and potential of community ownership, and provides information on best practice in developing a CAT policy. Having an effective CAT policy is critical for local authorities to realise the benefits of community ownership and to protect our much-loved local buildings and spaces.

What is Community Asset Transfer?

CAT is the transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation for 'less than best consideration' – i.e. below market value. This discount is based upon a presumption of long-term local social, economic or environmental benefit.

What is a CAT policy?

A local authority CAT policy should contain information about the approach of the local authority to asset transfer. It should include information on decision-making, processes and timescales, as well as criteria and expectations from community owners. It might be a standalone policy, or it might be integrated within another council strategy – for example, the asset management strategy.

¹ Locality. 2018. 'Great British Sell Off'. Available at: <https://locality.org.uk/policy-campaigns/save-our-spaces/the-great-british-sell-off/>

Why do you need a CAT policy?

Each Community Asset Transfer can be a long and complex process. It requires commitment, skills and leadership within the community sector, as well as partnership and support from the local authority.

Having an effective local CAT policy is critical for local authorities to realise the benefits of community ownership, provide an accountable framework, and ensure communities and residents have access to clear information and guidance. These benefits include:

Demonstrating the council's commitment to community ownership

Having a local CAT policy can enable a more strategic approach to asset transfer and demonstrate the council's commitment to community ownership and the benefits it can bring to the local area. It can be an opportunity to embed community ownership into local economic or commissioning strategies, for example.

Clarity for community organisations

Setting a local CAT policy can facilitate improved communication about the process, eligibility and timescales for decisions. It should also clarify expectations for communities in terms of business plan requirements, governance and accountability of the receiving organisation.

Accountability for decisions

When CAT is undertaken on an ad hoc basis, without a local CAT policy, it leads to a greater likelihood of challenge and disputes between councils and communities over individual cases where there is a perceived lack of fairness.

Having a local CAT policy is also useful for councillors who can use the policy to make decisions based on a consistent and transparent set of criteria.

Aligning support for community owners

Having a CAT policy in place can align the support available for community ownership, outlining available external funding sources as well as bringing in other sources of funding from within the council.

For example, in Gateshead Council, the local CAT policy includes a working group which brings together multiple teams (neighbourhoods, property and building management, and legal teams) to ensure that the process runs smoothly and to provide community owners with access to internal expertise.

A local authority officer's summary of the benefits of their local policy

"Prior to having our Community Asset Transfer policy, we would work with groups and transfer ownership on an individual basis. We didn't have a strategy for thinking about the wider policy, or a formalised approach to dealing with requests and thinking more strategically about benefits.

This also meant that where there was pressure and/or resistance for a particular project (for officers and politicians) there wasn't a formalised or consistent mechanism to approve or decline...

With the development of the policy, we were able to position and explain the benefits of CAT clearly, to individuals and local neighbourhoods. We were also able to connect these directly to the council's strategic planning document."

Developing your CAT policy

While there is no 'one size fits all' approach to developing a CAT policy, there are some key elements which contribute to the success of a CAT policy.

Strategic commitment and internal buy-in

Strategic commitment and buy in for community ownership is a really important part of unlocking the full benefits from a local CAT policy. Securing this commitment could involve:

- **Having a portfolio holder responsible for CAT**
A councillor who is responsible for championing the profile of community ownership can give cabinet-level prominence to the benefits of CAT. They can also drive forward the importance of CAT with communities and other public sector stakeholders. We also recommend a senior officer lead within the council, with responsibility for oversight of the CAT policy and for briefing council members.
- **Integration within other strategies - particularly the council corporate plan**
A CAT policy should not be an isolated policy, it should

be representative of common aims and a consistent corporate vision, to achieve the maximum benefit from the public estate locally. This can also mean asset management teams are more able to access internal resources to support Community Asset Transfer.

- **Cross departmental commitment**

Designing a CAT policy should be an opportunity to bring together teams from across the council - such as, finance, planning, property, legal, risk management, commissioning and community development and neighbourhood teams. It should also involve other public agencies with an interest in local service provision, where possible, such as the clinical commissioning group (CCG)

Co-design with the community

Alongside strategic and political commitment, co-designing the vision and principles for community ownership with residents and community stakeholders is a vital part of securing community support.

For example, North East Lincolnshire Council refreshed their CAT policy through a series of workshops in partnership with the community sector. This has enabled them to develop open and honest relationships, which have been instrumental in creating a coherent approach to community ownership locally which aligns with a council and community vision.

North East Lincolnshire Council case study Co-designing the CAT policy

North East Lincolnshire Council used their funding as part of the Community Ownership and Management of Assets (COMA) programme to co-design a new CAT policy in partnership with communities and local organisations.

They refreshed their existing policy, bringing together multiple community stakeholders (including VCSE groups and ward councillors) with officers to assess the benefits and weaknesses of their existing approach, and to co-design their new policy.

Wendy Fisher, Capital and Assets Programme Manager, reflects

"The first meeting was uncomfortable because it was about everyone getting their gripes out about how the process worked and what the challenges were. From this a relationship between the sectors formed, there was a new appreciation of different perspectives, and that relationship has continued. It was about the coming together of bad experiences and good, learning from that and understanding what's needed."

One specific change that was made as a result of the co-design process, was to include clearer communication around the timescales and expectations for business plans for CAT applications. Previously a lot of frustration from the community had stemmed from unrealistic expectation around timeframes, which meant that the experience of the process could feel quite protracted. Therefore, in the new CAT policy, the potential lengthy timeframes (of up to 42 weeks) are highlighted upfront, and there is a clear flow-chart in place to demonstrate the stages and how long they will take.

One of the additional elements included in their new policy was a Community Panel as part of their decision-making process. This includes representatives from the VCSE sector and councillors, who provide advice on asset transfer decisions, as well as oversight and scrutiny. They also provide an expert source of support for potential community owners.

Clarity on availability of community assets, process and decision making

A key part of developing the CAT policy should be identifying the potential routes for asset transfer applications. This can be either 'demand-led', with a process for communities to identify assets for community ownership through an expression of interest, or 'supply-led' whereby the council uses its local asset management strategy to identify all assets that could potentially be available for CAT.

We recommend that a mix of both routes, with an emphasis on developing a proactive pipeline of community assets, will unlock the most benefits locally. Whilst there may be pressure to restrict CAT to 'low value' or difficult to dispose of assets, narrowing the scope in this way limits the potential for CAT to lever additional resources into the area, and potentially undermines their financial viability post-transfer.

The CAT policy should provide a clear outline of the process for decision making around asset transfer applications. We recommend a 'two stage' application process for organisations, with a simple EOI followed by a more detailed application, to guide groups through the viability requirements and expectations.

The CAT policy should also clarify roles and responsibilities of council departments and councillors who are involved throughout the decision-making process. It should also include a realistic estimate of timescales involved, factoring in that CAT can be a lengthy and complex process.

Some councils have involved communities within their decision-making processes for CAT applications, which can be an effective way of ensuring that community involvement is an embedded part of CAT. For example, in North East Lincolnshire they have developed a Community Panel approach to decision-making around asset transfer. An inter-disciplinary team from VCSE organisations, community leaders and council officers make up the panel, which is involved in the initial assessment of reviewing business plans for asset transfer applications.

Clarity around the scope and terms for CAT

Developing the CAT policy should involve a consideration of the lease lengths and terms which will be offered for CAT.

A freehold transfer offers the most control and flexibility for the community owner, which can be very important in terms of leveraging external funding and making renovations to buildings to support community purpose. However, a long leasehold on a peppercorn rent can also offer this flexibility, with the council retaining the freehold.

We recommend that, in order to support sustainable and viable asset transfer, councils should provide long-term leases of at least 30 years (with a preference for 99+ years) to provide community owners with the time to embed their business plans and leverage external funding.

It is also important to work with community owners on a case-by-case basis, to establish the most appropriate lease to support their business plan for the community asset.

Developing the support offer

While recognising that many councils will be limited in the amount of resources they can provide to CAT, the development of a CAT policy should involve a clear consideration of all council levers and potential support available to community owners. From officer time, to grants, and technical support via third parties, the CAT policy should bring together the package of support available.

Key ways that councils can offer this support are as follows:

- Officer time to support community owners, including those with business plans. It is important that a key point of contact for support is retained post-transfer.
- Health checks for organisations applying for asset transfers, to gain information about governance and financial capacity and put plans in place for capacity building.
- Bespoke toolkits to support community owners, including for buildings management. These could be designed by the council, in partnership with support organisations and existing community owners.
- Access to other external technical support, such as legal support.
- Facilitation of peer networks. Bradford Council have, for example, a “CAT Community” and run bi-annual peer-learning support events.
- Partnership with third sector organisations to provide support. This may include capacity building, business planning, and/or asset management, and can be provided as part of a national programme or a local contract.
- Support with running costs. At Leeds Council, for example, they offer a five-year tapered grant to cover running costs, supporting the community owners in the early years of asset management. This gives time for developing initial business models and building up some reserves.
- Access to capital loans. Where this is possible, we have seen the value in local authorities offering zero interest loans to support community owners as part of their CAT support.
- Longer term revenue support, by aligning CAT policy with commissioning and procurement strategies.
- Capital grants for essential building repairs and equipment upgrades to ensure sustainability, such as disability access measures and energy efficient boilers.

For more information, support and advice please contact Locality at policy@locality.org.uk

Further resources:

Locality, 2018. 'Building powerful communities through community asset transfer: a guide for councillors.'

Available at: <https://locality.org.uk/wp-content/uploads/2018/05/Understanding-Community-Asset-Transfer-Guide-for-Councillors.pdf>

Locality, LGA and NALC. 2016. 'Making the most of assets: a risk management guide for council officers and members.'

Available at: <https://mycommunity.org.uk/resources/making-themost-of-assets-guide-for-local-authorities>

Locality and Anthony Collins Solicitors. 2016. 'Community Asset Transfer lease negotiation: practical tips.'

Available at: <https://mycommunity.org.uk/resources/community-asset-transferlease-negotiations/>

Locality and Anthony Collins Solicitors. 2016. 'TUPE Guidance Note.' My Community.

Available at: <https://mycommunity.org.uk/resources/tupe-guidance-note/>
