

# Updated Community Asset Transfer Policy

Date: 24<sup>th</sup> July 2024

Report of: Director of City Development

Report to: Executive Board

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## Brief summary

This report sets out the adoption of an updated policy for community asset transfers. The new policy appended to the report will replace the Community Asset Transfer Policy that was approved by Executive Board in September 2012.

The updated policy incorporates experience and learning acquired from managing community asset transfers over ten years and establishes revised criteria and process that aligns with current estate strategies and challenges around estate maintenance.

The introduction of the new policy is set against the backdrop of acute financial challenge and adaption of the built estate to meet that challenge.

## Recommendations

- a) Executive Board is recommended to consider and agree the new community asset transfer policy attached as Appendix 1 which will replace the previous Community Asset Transfer Policy.
- b) Agree to a list of properties suitable for Community Asset Transfer being established and presented to Executive Board in a future report.

## What is this report about?

- 1 The Council adopted its first community asset transfer policy in September 2012. The policy set out what a community asset transfer is and the criteria for when this arrangement would be considered. The community asset transfer policy has been used to consider and shape community asset transfers for ten years since its adoption in 2012 and has been the platform for the successful asset transfer of ten buildings over to community management.
- 2 Assets transferred under the previous policy include community centres, libraries, meeting halls, sports halls, a swimming pool and a former town hall. In each case, community asset transfer secured a future for assets that the council had either declared surplus to requirements or could no longer afford to run. The transfer of Bramley Baths and Yeadon Town Hall represent two of

the more ambitious transfers that have been undertaken successfully, however transfers of several community centres, meeting halls and libraries have also been achieved during this period.

- 3 Alongside the successful transfers the policy has also presented challenges during the course of the past decade. Some of these challenges have been around interpretations of the policy with proposals being presented that did not conform with the policy criteria or the purpose of community asset transfer that the national legislation intended. An example of one of the misconceptions of community asset transfer is that it has often become conflated with Community Right to Bid legislation with council's ownership of assets being challenged by interested parties as a basis for community asset transfer. Asset Management also deal with multiple approaches for community asset transfer which don't meet the criteria set out in the policy. One of the reasons and benefits of refreshing the CAT policy is to make the criteria clearer and more robust while also giving it an increased profile, both internally and amongst the voluntary and community sector.
- 4 Since the adoption of the policy in 2012 legislative changes have come into effect including The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 establish a minimum level of energy efficiency for rented property in England and Wales. This requires all commercial lettings to meet an energy performance rating of an E with the standard expected to increase to a B by the end of the decade. It is anticipated that the new legislation will apply to both new and existing lettings when it is brought in. The CAT policy needs to be updated to include reference to these legislative changes to protect the Council against the risk of non-compliance and prohibitive future maintenance obligations. In some cases this will result in community asset transfer not being viable should a building not meet the minimum EPC standard, or where there is no clear and costed plan to get the building to that minimum rating and beyond.
- 5 The timing of the review of the community asset transfer policy coincides with council-wide estate reviews that are being undertaken following the findings of the LGA peer review. With the unprecedented financial pressures and challenges being faced by local government asset transfer presents a viable option for asset release in certain cases to support the Council's budget position while also offering a solution for services to be delivered in a different way.
- 6 The refreshed policy also reflects comments and suggestions made through consultation with representatives of the voluntary and community sector in Leeds and elected members.
- 7 The report sets out the refreshed community asset policy which establishes a new process and criteria, enhancing clarity on what a CAT is, the circumstances when it will be considered and the timescales for implementation against a narrative of updated legislation and estate rationalisation. It also sets out the approach for establishing a list of properties which are suitable for Community Asset Transfer in collaboration with key internal and external stakeholders and establishing an annual programme for Executive Board to receive updates allowing properties to be added or removed from the list as necessary.

### **What impact will this proposal have?**

- 8 A clear policy document aids engagement and dialogue between the Council, the voluntary and community sector and ward members. The revised policy incorporates several new elements to the process including refining the criteria, incorporating new Energy Performance Certificate

(EPC) legislation and embeds the principle of working collaboratively on community asset transfers, particularly with representatives of the voluntary and community sector. The new elements that have been introduced will enhance decision-making around how the delicate balance between assets being utilised to support budget pressures and the important role assets play for the voluntary and community sector in helping the Council achieve its ambitions.

9 The revised CAT policy will:

- set out the community asset transfer criteria clearly and concisely to assist community organisations in framing business cases for transfers.
- provide a robust criteria for determining when a CAT can be considered.
- highlight the responsibilities and liabilities of community asset transfers for external organisations.
- establish clear benchmarks and timeframes associated with the submission and progression of proposals.
- Signpost external organisations to access to advice and support to explore proposals fully.
- Encourage coordination and collaboration between organisations around community asset transfer to offer a broader benefit to a local community.

10 The existing community asset transfer policy has sometimes fallen short of being a conclusive reference point for dealing with the range of approaches that are received for community asset transfer. This has sometimes resulted in a pathway where outcomes and key benchmarks have been challenging to ascertain resulting in open-ended timeframes, frustration and abortive work.. By offering a more robust criteria and clear process, the new policy will offer greater clarity to interested parties and lead to a more productive use of resources within the Council.

11 The Council is required by national legislation to give best consideration for the disposal of public assets. Community asset transfer is one of several disposal methods available to the Council, as set out in the current Estate Management Strategy. When considering the disposal of assets there is challenge to the Council of striking a balance between generating income to support the Capital Receipts Programme, dealing with the demand for buildings and land from council departments and supporting the delivery of services, both from the council and its partners. Community asset transfers are framed around the transfer of services, typically associated with a building, within a locality setting. The original policy includes the requirement for any proposed transfer of a council asset at less-than-best value to be supported or 'sponsored' by a council department. This means that there is a requirement for a council service to support a community asset transfer proposal in recognition of the value that the asset transfer will bring in terms of the delivery of services. This factor underpins a community asset transfer and provides the rationale for the council forgoing market value for the disposal of an asset.

12 This factor has been misunderstood or overlooked in some of the approaches made to the Council about community asset transfer, resulting in proposals which have been framed around the transfer of an asset for a different purpose, or as a means to acquire an asset after a decision has been taken to dispose of it. The importance of being able to demonstrate the delivery of services is central to any CAT proposal and this factor has been given additional emphasised in the refreshed policy.

13 The new elements that have been incorporated into the new policy include:

- Community Asset Transfer can only apply to assets that have been declared surplus to requirements.
- A new list will be created of assets that are suitable for community asset transfer Properties for inclusion within the list will be agreed by Executive Board. Equally if acceptable proposals do not come forward or if progress is not achieved in progressing a transfer, then Executive Board will also have the power to remove properties from the list.
- Assets that don't achieve an EPC (minimum standard currently an E-rating) and have extensive backlog maintenance schedule will require additional clarity about how they will be made compliant in order to make it possible for the council to enter into a lease.
- Nominated assets will be put out to expression of interest or offered initially to organisations that can demonstrate they act as an anchor tenant in an asset.
- Proposals will be assessed against a new scoring matrix which will determine whether they progress to the next stage (formal business plan).
- Process will be set against robust timeframes to ensure efficient progress and focus on outcomes.

14 These new elements will strengthen the policy's role as an internal and external reference point for the criteria, process and timescales for community asset transfers and provide clarity on the situations when the Council's will consider it as an option.

15 There is a perception that the previous community asset transfer policy is not widely recognised outside of the local authority. Many organisations that approach the Council about asset transfer are not aware of its existence. The policy, while on the Leeds City Council website, is not easy located. Giving it greater visibility could save time and result in more informed approaches. The new policy will be re-located within the property section on the Leeds City Council website giving it better visibility and relevance alongside other property information and opportunities.

16 The availability of and potential to access to external funding is recognised as being an essential advantage to achieving a successful asset transfer. In cases where grant funding that can be identified to support community asset transfer, or where an asset transfer can form part of a wider regeneration project backed by funding (e.g. Levelling Up Funding) this will strengthen the case for community asset transfer.

17 At the time of writing this report, a time-limited opportunity to utilise some UK Shared Prosperity Funding (UKSPF) to support community asset transfer has been identified. Up to £500,000 of Capital funds have been identified to allocate as grants to successful organisations within the current financial year. to enable them to make improvements to identified buildings Organisations invited to present a business case to apply for a community asset transfer could also be invited to submit a UKSPF application to support the CAT. The outputs and outcomes associated with UKSPF are focused on improvement to buildings and the Council has stipulated that organisations are able to evidence that the fund has achieved these. The awarding of UKSPF also has the potential to act as match funding for other external grant funding opportunities, and successful organisations are therefore advised to consider exploring further funding opportunities that can be linked with it. The UKSPF funding is also being considered to be used to commission Locality to provide support to organisations who are selected to progress CATs.

18 The refreshed policy outlines a method of disposal for buildings and land vested with the Council. Considered as a stand-alone document It does not fundamentally impact on services

or people. Therefore, while the policy has been subject to a screening assessment for Equality, Diversity, Cohesion and Integration (Appendix 2), it has not been deemed necessary for it to be subject to a full impact assessment.

### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 19 A clear and coherent community asset transfer policy is an important aspect of the council's asset management responsibilities. CATs not only provide a means for the council to implement its programme of asset rationalisation and achieve revenue savings, they also provide the means for local enterprise and the principles of localism to flourish.
- 20 Community buildings provide a space for a variety of locally-run activities, classes and advice sessions which support the needs of local residents. These activities support the health and wellbeing needs of communities. Successful community asset transfers allow community buildings to expand and flourish, providing a broader offer of activities to support a wider range of people.
- 21 Successful community asset transfers also offers an opportunity to improve the energy efficiency of buildings. The ever-increasing demands on building maintenance budgets in the council means that it is not possible to make enhancements to all Council buildings to optimise energy efficiency. Although the Council has been awarded a time-limited opportunity to invest in the energy efficiency of its buildings through the UKSPF, it is a funding condition that this funding is issued in grant form to voluntary or charitable organisations. Similarly, there are other external grants available to organisations to apply for the purpose of improving energy efficiency. Community asset transfer presents a strong opportunity to facilitate energy efficiency improvements to properties which the Council would otherwise take the decision to dispose.

### What consultation and engagement has taken place?

Wards affected: All

Have ward members been consulted?

Yes

No

- 22 Consultation has taken place with both the Executive Members for Resources and Executive Member for Communities, Customer Services and Community Safety. An online workshop where all 99 elected members were invited took place on 25<sup>th</sup> June. The workshop included a presentation on the revised CAT policy and an opportunity for elected members to comment or raise questions. Amongst the comments raised there was general support for the new, proactive approach to community asset transfer and the collaborative approach with the voluntary and community sector which was commented on in relation to providing essential support and capacity-building to organisations taking on the challenge of community asset transfer. However, the extent to which Community Asset Transfer is a solution was raised given the challenging funding position and level of commitment required from organisations taking on buildings.
- 23 Detailed discussion and engagement has also taken place with the Leeds Community Anchor Network (LCAN) to understand their views on the revised policy and process in relation to its impact on the voluntary and community sector and the Team Leeds approach to delivering the City Ambitions. An outcome of this engagement was an agreement for the Council to work

collaboratively with the sector to maximise successful community asset transfer opportunities. In addition the contribution of the policy to Asset Based Community Development is recognised.

### **What are the resource implications?**

- 24 Over time having robust CAT strategy and process is a means to save the authority running and maintenance costs on its asset base. Progressing CATs can become very resource intensive for the Council, in particular for officers within Asset Management and Legal Services. The new policy seeks to simplify the process and work is ongoing to standardise the terms of transfers and lease agreements to reduce this pressure.
- 25 The resource required to take on the responsibility of managing a building cannot be underestimated and it is recognised that the progression of CATs require substantial commitment from community organisations. In recognition of the differences between every locality area and interested organisations who come forward for a CAT, it is expected that a substantial amount of capacity building will be required in order to progress a community asset transfer. Whilst organisations such as Locality are able to support this work, this comes at a cost. Whilst there may be opportunities at a given time for the Council to apply for or signpost to grant funding, such as UKSPF grant funding, to buy in this resource, such opportunities cannot be guaranteed in the future. As such, discussions have taken place with LCAN about their capacity for mentoring and support to organisations within the network and also to encourage organisations to progress CATs collaboratively in localities where the need can be demonstrated and supported.

### **What are the key risks and how are they being managed?**

- 26 Managing expectations – CATs need to conform to robust criteria and so will not be a solution in most cases. As also set out in this report, not all buildings will be suitable for CATs due to the level of investment required or due to other Council priorities. This will be managed by the Council taking an informed view on the suitability of assets being put forward for community asset transfer and making a recommendation to Executive Board for assets that are open to community asset transfer proposals.
- 27 Community capacity to manage assets – As set out above, the level of resource required within community organisations to progress a Community Asset Transfer is significant. This is not something that the Council can solve alone given the limited financial resources that it has at its disposal and not being best-placed to assess local need for community buildings. through discussions with LCAN opportunities for a network of support is being explored. In addition, they will encourage organisations to work together rather than compete with one another to bring forward CAT proposals.

### **What are the legal implications?**

- 28 Community Asset Transfers are made possible under by the General Disposals Consent (England) Act 2003 which permits the consideration of less-than-best disposal of local authority assets. Community Assets Transfers, will be documented by a lease. Although the general principles of CATS are well-established, local authorities have the autonomy to establish their own criteria and framework governing them. In Leeds, a Community Asset Transfer Policy was approved by Executive Board in September 2012. The updated policy appended to this report does not alter what a CAT is, however it does amend the criteria under which a CAT would be considered.

29 A standardised set of terms and lease agreement for CATs is also being formed which will not only reduce the pressure on Council services in pursuing transfers but also make the process more accessible for community organisations.

## **Options, timescales and measuring success**

### **What other options were considered?**

30 Consideration was given to the issuing of a guidance document to clarify/ streamline the 2012 community asset transfer policy. However, the impact of changes to EPC legislation and updated estate management approaches in the context of budget pressures required significant changes to the community asset transfer approach and therefore a new policy was deemed to be the more suitable option. The adoption of a revised policy is recommended as a means for the Council to take a more considered and proactive approach to community asset transfers which builds on the ten years of community asset transfer experience under the previous policy.

### **How will success be measured?**

31 The new policy will result in more structured and pro-active community asset transfer process, which will lead to stronger CAT proposals being put forward and, in cases where adequate proposals do not come forward, a more timely transition towards asset disposal to the Capital Receipts Programme.

### **What is the timetable and who will be responsible for implementation?**

32 The new policy will come into effect immediately following approval and will be used to shape a programme of community asset transfers. Implementation of this will sit within Strategic Asset Management.

## **Appendices**

- Appendix 1 - Community Asset Transfer Policy 2024
- Appendix 2 - Equality, Diversity, Cohesion and Integration Screening Assessment

## **Background papers**

- N/A