

## Corporate Resources Overview and Scrutiny Committee

<b>Date of Meeting</b>	Thursday, 13 <sup>th</sup> February 2025
<b>Report Subject</b>	Community Asset Transfers
<b>Cabinet Member</b>	Cabinet Member for Governance and Corporate Services including Health and Safety and Human Resources & Cabinet Member for Transformation & Assets
<b>Report Author</b>	Corporate Manager, Capital Programme and Assets
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The report provides background to the Community Asset Transfer (CAT) process.

It gives an insight to the operational phases of the CAT process, the resource challenges of continued management in its current form and the success and failure rate and the unintended consequences of CAT.

The report recommends a review which would streamline the CAT process, enabling officers to continue to support local and Council needs by reviewing and align it to the resources available.

### RECOMMENDATIONS

1	That CROSC supports a review and streamlining of the current CAT process and provides any observations to Cabinet
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### REPORT DETAILS

<b>1.00</b>	<b>BACKGROUND</b>
1.01	In 2011, the UK Government passed the Localism Act which provided Local Authorities power to transfer community assets to local organisations and charities on a long leasehold basis.

1.02	In bringing forward the Act, Welsh Government recognised the importance of community assets and had a specific commitment to work with communities to help maintain local facilities that bring people together. However, WG also stated that Public Authorities in Wales are not obliged to undertake Community Asset Transfers and Local Authorities must initiate the process themselves. As such it is encouraged rather than being an obligation.
1.03	In determining whether a Community Asset Transfer (CAT) is viable, the Council must balance the requirement to dispose of surplus or underutilised assets to provide funding for its' capital programme with the need to stimulate and regenerate local communities and encourage social enterprise through the alternative use of its buildings and land assets.
1.04	In November 2014, through the Organisational Change workstream programme, the Council re-launched its approach to the delivery of Community Asset Transfers (CATs)
1.05	An update report was presented to Cabinet, 20 <sup>th</sup> January 2015 on the development and implementation of the Council's approach to CATs.
1.06	<p>In re-launching its CAT strategy, the Council sought to simplify its approach and methodology into three basic stages: -</p> <ul style="list-style-type: none"> <li>• Stage 1 – Expression of Interest: This can be made by an individual or community group.</li> <li>• Stage 2 – Business Model Application: This can only be made by a community group and is the formal application stage of this process.</li> <li>• Stage 3 – Completion and Transfer of Asset: The final stage in the process which will be between the Council and an appropriate organisation.</li> </ul>
1.07	<p>In supporting the delivery of CAT's, the Council engaged Flintshire Local Voluntary Council (FLVC) to support and lead aspects of this process. They are providing a package of flexible, tailored support delivered by FLVC staff with experience of:</p> <ul style="list-style-type: none"> <li>• Community Development</li> <li>• Third Sector Funding &amp; Finance</li> <li>• Governance</li> <li>• Administration</li> <li>• Charity Management</li> </ul> <p>This arrangement is still in place.</p>
1.08	FLVC are heavily involved in the CAT process and ensure that Community groups have the necessary structure, business case, signposting of external grants and other matters which would provide a stable foundation to position the groups in order that they have the best chance of success, they do this by:

	<ul style="list-style-type: none"> <li>• Providing bespoke support to community groups in the development of potential Community Asset Transfers</li> <li>• Participation and support for a multi-disciplinary Panel to filter Expressions of Interest (EOI's) and assess business plans for due diligence by the Council.</li> <li>• Bespoke training and support for those groups/organisations who's EOIs have sufficient merit to progress towards a detailed business plan submission.</li> <li>• Partnerships with existing and potential partner organisations within the sector to provide direct and in-kind support to empower the transferee.</li> <li>• Monitoring of Expressions of Interest and support for a smooth and efficient transfer process.</li> <li>• Liaison with the Council to identify potential assets, issues, and beneficiary groups.</li> </ul>
1.09	<p><b><u>Stage 1 - Expression of Interest</u></b></p> <p>This can be made by an individual or community group. These are reviewed by a CAT panel, which includes representation from the Council and Flintshire Local Voluntary Council. Consideration at this stage includes the following:</p> <ul style="list-style-type: none"> <li>• Potential Community Benefit.</li> <li>• Capacity relating to sustainability of the project, i.e. How will the project be funded initially and over future years?</li> <li>• The outgoings / management costs of the property /asset?</li> <li>• Use of the asset - How will the asset be used?</li> <li>• What Engagement with the local community, i.e., who have you spoken to the proposal about i.e. local councillor; other community groups, current users of the asset, etc.</li> </ul> <p>Where appropriate, organisations or individuals will then be invited to progress to stage two.</p>
1.10	<p><b><u>Stage 2 – Business Modelling</u></b></p> <p>Assuming applicants successfully navigate stage 1 applicants will then be asked to provide a business model and supporting documents. This will include:</p> <ul style="list-style-type: none"> <li>• Evidence of a proven local need for the asset.</li> <li>• Details of planned outcomes and benefits anticipated because of the asset transfer.</li> <li>• A plan for how much space is required and its potential usage.</li> <li>• 5-year plans for revenue and capital funding, plus cost projections for managing and operating the asset.</li> <li>• Any financial resources that the asset transfer will release or attract.</li> </ul>

	<ul style="list-style-type: none"> <li>• Financial sustainability and forward planning.</li> <li>• How the CAT applicant will invest in and maintain the property asset, including a specific plan for meeting Health and Safety obligations and energy efficiency responsibilities.</li> <li>• Evidence of a community governance / management structure with the capability to sustain the property asset.</li> <li>• Evidence of a track record for delivering services and / or managing property.</li> <li>• Evidence of relevant competencies for the effective management of Health and Safety, including for the safe and compliant delivery of the range of services anticipated (e.g. appropriate qualifications, skills, membership of professional bodies etc).</li> </ul> <p>The stage 2 decision will be a formal decision that commits the Council to an Asset Transfer subject to final completion of legal agreements.</p>
1.11	<p><b><u>Stage 3 - Completion and Transfer of Asset</u></b></p> <p>On receipt of delegated approval, Legal officers will be instructed to prepare the transfer documentation, subject to any specific terms as may be agreed.</p> <p>Any agreement, if it is considered appropriate, will include a provision for the return of the land or building should a venture be unsuccessful and cease. In accepting a return, however, the Council will not normally assume any responsibilities or liabilities of the community-based group including financial commitments and responsibility for any repair. previously identified in the schedule of condition which will be attached to the lease agreement at the commencement of the lease.</p> <p>At this stage the CAT applicant can still default on the lease by a non-signature/non-return.</p>
1.12	<p>The process whilst simplified in 2014 is extremely labour intensive and their extensive support is provided given to organisations by both Valuation and Estates officers and FLVC. This includes site meetings, advice regarding running costs, capital allocations etc. The culmination at stage 3 is the Council's Legal team (or external Legal commission) preparing and completing the lease documentation (and associated abortive costs if unsuccessful).</p>
1.13	<p>Since its inception, there has been a total of 292 CAT applications of which 21 have completed, with notable success stories such as Cambrian Aquatics and Holywell Leisure centre trustees, who have operated successfully for several years, albeit with continued but significantly reduced level of Council financial support. However, conversely 211 CAT applications have not completed.</p>

1.14	<p>Currently, there are CAT applications at the following stages: -</p> <ul style="list-style-type: none"> <li>• Stage 1 - 0</li> <li>• Stage 2 – 45</li> <li>• Stage 3 – 13</li> </ul>
1.15	<p>In some cases, organisations have received a capital allocation from the Council, these are noted in the Capital programme. This funding is used to pump prime the organisation/enterprise, particularly in cases where there are either significant building condition issues or a viable project ambition within their business case.</p>
1.16	<p>Given the Council's budgetary situation the continuation of CATs in their current form as a non-core activity can present, in most cases, a greater resource challenge than the benefits derived.</p>
1.17	<p>The formation of the Council's CAT webpage appears to have created an unintended consequence and has led to an environment whereby communities and groups have felt compelled to follow the CAT process to secure the asset in their communities rather than to react to the local demand/need. This is causing significant resource issues for the small team which administer the CAT process alongside the abortive costs to the Council. (as noted in para 2.01)</p>
1.18	<p>The valuation and estates team are extremely lean, as such demand outstrips resource. The teams' priorities should be focussed on core activities, such as Asset Valuation's, which is a statutory function linked to the Council's end of year accounts; securing/ increasing rental revenue income through the Councils non-operational estate, securing income through the generation of capital receipts, and progressing other corporate asset related projects that drive economic benefit for the Council/County.</p>
1.19	<p>It is the view of officers involved that the CAT process should be reviewed and streamlined accordingly.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>There are time and monetary implications at each stage. A high-level study has been undertaken, and more than £400k of officer resource has been incurred supporting CAT applications, this excludes legal costs (which have been rising through external commission), capital allocations, (through the Community Benefit Agreement), FLVC time and any continuation of agreed subsidy. (in a small number of cases).</p>
2.02	<p>Flintshire Local Authority Council (FLVC) have a Strategic Funding agreement with the Council. As part of this arrangement, they have provided support with the CAT process. The recommendation in the report does not negatively impact on this agreement.</p>

2.03	<p>The grant funding agreement with FLVC supports, in summary: -</p> <ul style="list-style-type: none"> <li>• Develop and support volunteering recruitment, support, and training within Social Services and the social care sector to support the well-being of Flintshire residents.</li> <li>• To support the Council to meet its Well-being objectives and Welsh language Promotion strategy through developing the voluntary sector within Flintshire.</li> <li>• Grant and funding advice to voluntary sector organisations</li> <li>• Volunteer Centre Development and Volunteering in social care.</li> </ul>
2.04	Reviewing/streamlining the CAT's process, if agreed, would be designed to reduce abortive work for both the Council and FLVC

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	No Impact Assessment has been undertaken. Any risks identified (for which there are currently none identified) will be managed through the Portfolios risk management process.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	Discussions have taken place with FLVC who are supportive of this approach.
4.02	Report will be presented to Cabinet 18 <sup>th</sup> February 2025.

<b>5.00</b>	<b>APPENDICES</b>
5.01	N/A

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	N/A

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<p><b>Contact Officer:</b> Damian Hughes, Corporate Manager, Capital Programme and Assets</p> <p><b>Telephone:</b> 01352 704135</p> <p><b>E-mail:</b> <a href="mailto:damian.hughes@flintshire.gov.uk">damian.hughes@flintshire.gov.uk</a></p>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
	None