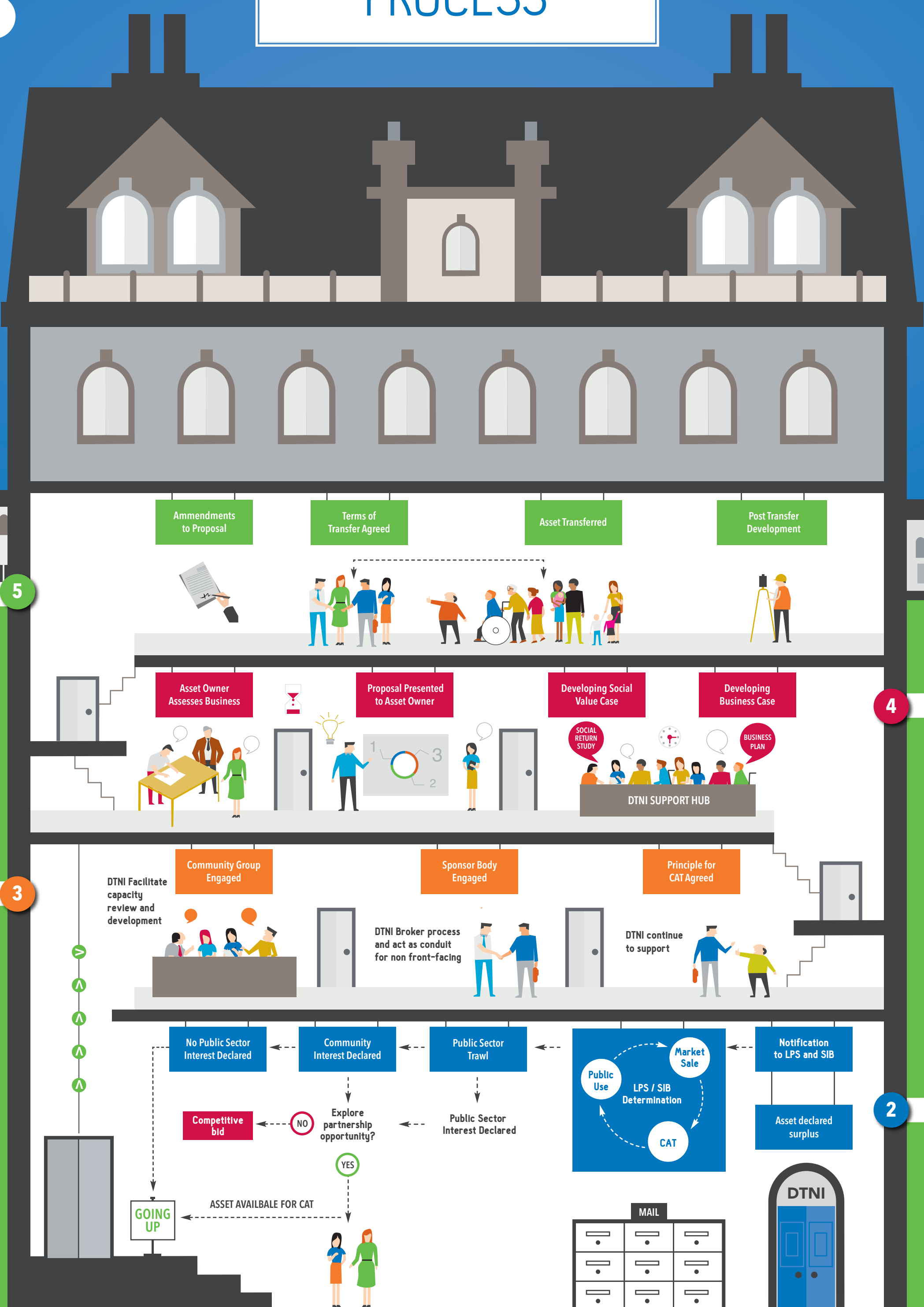


# THE ASSET TRANSFER PROCESS



**5 ASSESSMENT & TRANSFER**

**3 ENGAGEMENT & DEVELOPMENT**

**B SPONSOR BODIES** are public bodies that have a direct interest and stake in the work of local communities and the proposed social business intended as part of the future use of an asset. *See over leaf*

**4 MAKING THE CASE**

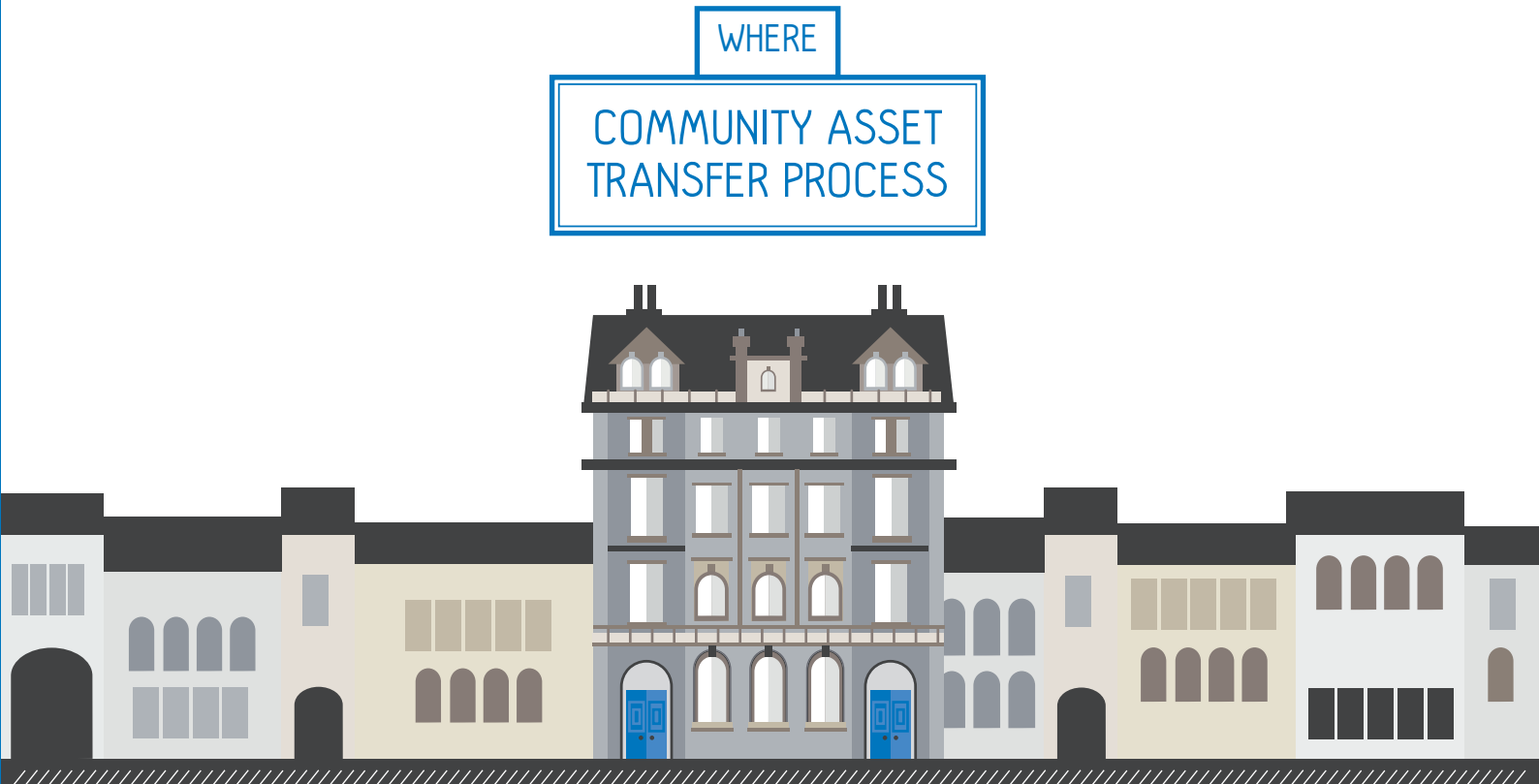
**C SOCIAL VALUE** is the positive impacts experienced in a community as a consequence of the actions of others. *See over leaf*

**2 FORMAL DISPOSAL PROCESS**

**1 PRE-DEVELOPMENT**

When surplus public assets are being disposed of opportunities emerge for local communities. Opportunity to manage assets. Opportunity to acquire assets.

**A PUBLIC ASSETS** There are many issues to be considered in advance of entering into a conversation about acquiring or managing a public asset. *See over leaf*



**1 PRE-DEVELOPMENT**

Thinking about sustainable development, thinking about social enterprise

Sustainable development is an objective which is continuously pursued by community development trusts and which forms part of the regular strategic planning process feeding into organisational growth and change. It is important that organisations have a clear sense of their mission and purpose and also of how they intend to achieve this. Organisations which are in a growth stage and wanting to explore enterprise or expand their existing social businesses will want to explore opportunities which support this process.

It may be that your organisation wants to explore the possibility of developing an asset base as one of the ways in which it develops and achieves sustainability. If you want to pursue the possibility of community asset transfer you must be able to align the future use of the assets (you seek to acquire, to the delivery of your social mission and also to your own sustainable development. You must be able to demonstrate how you will develop and maintain these assets for the public good.

The model for successful community development trusts is one where there is a keen enterprise focus to support the delivery of core social objectives. For organisations to be considered likely to succeed in asset acquisition and management there are a number of 'Pillars of Success' against which they should seek to measure themselves.

DTNI has developed a diagnostic resource (READ) to support its members to assess their stage of development and investment readiness. Organisations should ensure that they have core competency in the following areas:

**Impact & Evaluation and Assets Acquisition & Management, Governance, Financial Monitoring Systems, Staff & People Management, Service Knowledge & Users,**

It is important that community development trusts are aware of potential surplus assets in their local towns and villages. These may be assets that - if an alternative social business purpose cannot be established - will be disposed of on the open market. There may also be assets that are not formally surplus to requirement but on which the owner may be prepared to consider a 'lease and management' agreement. It should be noted that community development trusts will not have an automatic right to propose a community asset transfer for all surplus public assets. The majority of surplus public assets will continue to be disposed of through open market sale.

In order to identify asset development opportunities you should:

- Be aware of the assets in your local community
- Engage locally with relevant statutory bodies
- Engage with DTNI

**2 FORMAL DISPOSAL PROCESS**

Thinking about Community Asset Transfer

The Central Advisory Unit (CAU) in Land and Property Services (LPS) under the guidelines for the 'Disposal of Surplus Public Sector Property' issue a formal notification (D1 form) on an asset that is deemed surplus to government requirements. The D1 is issued to all public bodies who will have 15 days to notify CAU of their potential interest.

- The D1 provides all of the information in respect of the surplus property with maps as necessary.
- Expressions of interest in the property must be formally submitted to LPS.
- Community interest can be made note of within the D1 window of opportunity. A community interest will need to have a sponsor body (*see overleaf circle B*) because they do not have the powers of acquisition through compulsory purchase.

There are instances in which the interest of the public sector (in acquiring other public assets) has priority over other interests, including Community Asset Transfer and Market sale. Surplus land and buildings can be transferred within the public sector where the recipient body can demonstrate, through their business case, that there is a strong, immediate need and/or exceptional reasons (within the public interest) to acquire the land. They must have the necessary funds available and could have, if necessary, exercised powers of compulsory purchase.

In normal circumstances that developing the case for asset transfer will take 6 months from the qualifying body declaring a firm interest in the surplus asset. Therefore, community development trusts seeking to acquire assets, should be able to complete their business case within 6 months of D1 having been issued.

It should be noted that there are alternative means to transfer assets:

*A public body can transfer to a community / voluntary organisation whose social business fits with its statutory remit. For example, from a health trust to a community development trust with a focus on social care. In such instances the transfer is approved at a senior level within the disposing body.*

*A public body (such as a local authority) might wish to engage on a 'lease and manage' basis, a local community development trust to manage and deliver agreed services through use of its assets. These could be leisure assets including land or community buildings and lease arrangements can range from annual renewal to 99 years.*

Where there is the potential for an asset to be of interest or use to local communities, the asset will be marketed to potential community interest groups through DTNI and through other means.

Communities who express an interest are given the opportunity then to make the case for transfer of the asset ahead of open market sale.

At this stage it may well be that no Public Sector interest has been declared. However there may be other competing community interests in the asset or a competing public sector interest that does not have exceptional reason to acquire it outright.

Where there is competition, opportunity should quickly be sought to explore collaborative working. It may be that by working in partnership with another community interest or with a public body ( a housing association for example) a stronger business case for the development of the asset can be made.

Community groups should note that public bodies without a community facing remit (primarily central government departments) may find it difficult to transfer assets to organisations if there is no direct fit with the work of that public body. In such instances the community development trust will need to ensure that it has actively engaged another public body (*see overleaf circle B*).

Front facing public bodies may have their own internal policy and procedures to enable community groups to engage easily in relation to asset transfer. It is important to establish decision making protocols (e.g. memorandum of understanding) with the sponsoring body who will be supporting the community group through the application process. It is particularly useful if those front facing public bodies have a direct development focus for local communities, e.g. local government, Public Health Agency, Housing Executive.

**5**

**ASSESSMENT AND TRANSFER**

Now the real work begins!

A multidisciplinary team will assess the viability of the business case, including the social value created, and make appropriate recommendations. The decision to transfer will be made at a senior level within the disposing body alongside LPS.

Once the business case and social value case have been completed the proposal can be submitted for assessment.

- Align the social impact to the aims and objectives of the transferring body (or the sponsoring body)
- Reduce the risks associated with transferring property to local community
- Value activities that are currently either not valued or under-valued
- Identify potential savings and costs to the transferring or sponsoring body
- Allow proposals to project future outcomes and impact, taking a longer term view of the social returns on investment.

The social value case (*see overleaf circle C*) should specify and measure the benefits to decision makers for asset transfer, i.e. ensure 'audit trail' for the decision. The social value case should also:

- The Strategic Case: The rationale for the proposal, the case for change
- The Economic Case: Exploring the economic costs and benefits of the proposal (See Treasury Green Book Guidance)
- The Commercial Case: Can the proposed use effectively be delivered?
- The Financial Case: Outlining cost implications and sources of finance/funding
- The Management Case: Outlining the management structure requirements and deliverability of the proposal

Communities seeking to acquire and manage assets must be able to demonstrate the social impact of their work. Effective and successful asset transfer will have positive social, environmental and economic benefits. The social case for the transfer of ownership is, for community development trusts, of equal importance to the economic case therefore community development trusts need to make reference to the environmental and sustainability issues and to the wider non-monetary benefits.

**4 MAKING THE CASE**

Can we make this project work?

At this stage, DTNI will review the capacity of an organisation and determine any support needs and how these might be met. If the organisation had not engaged with DTNI at the Pre-development stage then there will be an assessment which will include the use of the DTNI bespoke READ tool (Investment Readiness Enterprises Assessment Diagnostic). This will help to define the capacity of the organisation and support needs to be addressed. If the organisation has not already secured a sponsor body then DTNI will assist with this also and act as a broker and a conduit to the process. DTNI will continue to support the organisation into community asset transfer for the transfer of ownership, including lease and management, and financial forecasts will be required. The business case for the transfer of ownership, including lease and management, should be robust and thorough. It should (commensurate to the value of the asset in question) make reference to:

**3 ENGAGEMENT AND DEVELOPMENT**

What support do we need?

If there is agreement to proceed with developing a case for community asset transfer, groups are provided with information on the asset including available condition reports, operating costs and details of any outstanding difficulties with title. Where competing groups are interested in taking on the same asset, all eligible groups can either be given leave to progress to Stage 2 or, if enough information is available, preferred bidder status may be given. The decision making process will be based on clearly defined assessment criteria. While the same principles apply with regards to making the case, the formal disposal process may differ for the asset if owned by the council, as they do not fall under the LPS processes.

If there is no possibility of collaborative working, then competing interests draw up their respective business plans which will be considered by the disposing body. Business plans should be submitted for consideration within 6 months.

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Failure to make the case for CAT will, under normal circumstances, see the asset revert to an Open Market Sale.

If further information or action is required to strengthen the business case, consideration should be given to how the group could be supported to deliver this.

Clear processes will be provided with details on how the appeal will be addressed and by whom. This independent review to be conducted by an officer / department not involved in the original decision making panel.

**Appeals Process**

Referral to Appeals Process.

**Transfer Declined**

Post transfer development is when the business plan is taken forward, assumptions become realities, capital development can begin and social enterprise activity of the community development trust proceeds in earnest.

First refusal' will draw heavily on the social purpose of the acquiring body and, as in asset transfer at 'less than best', will be subject to claw-back and an asset lock.

It is expected that in most instances the business and social case will be robust so as to warrant the disposal of an asset at less than market value, in line with the aspiration of the Community Asset Transfer policy. Ideally this would be at nil or nominal value. However community development trusts should be mindful of the Government's ongoing need to raise capital receipts from the sale of its assets. It may be that in some instances a community interest might be given 'first refusal' to purchase at market value. This should be made known from the outset and the business case can then take account of this.

First refusal' will be subject to criteria imposed upon the disposing body to achieve best value and demonstrate openness and transparency in the management of public money. 'First refusal' will draw heavily on the social purpose of the acquiring body and, as in asset transfer at 'less than best', will be subject to claw-back and an asset lock.

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