

DRAFT Community Asset Transfer Policy Newport City Council



Introduction

The Council's [Corporate Plan 2022-27](#) sets out the Council's objectives including placing social value, fairness and sustainability at its core. The Plan sets out that this will include enabling communities to make best use of land and property through community asset transfer (CAT).

Newport City Council recognises that CAT can be a valuable part of supporting and sustaining the third sector in Newport and wishes to ensure Council assets are managed by the people who regularly use them. We will proactively investigate potential opportunities for CAT to local communities and social enterprises but minimising financial liability for the Council in the future.

We will have a transparent process for CAT and will adopt an agreed method of assessing all requests for CAT. This policy supports and will be reviewed in line with the Strategic Asset Management Plan.

What is Community Asset Transfer?

Community Asset Transfer is: *"The transfer of land or buildings from the Council's freehold ownership into the stewardship and/or ownership of third sector organisations."*

CAT can take place in different forms - management agreement, licence to occupy, short or long lease. CAT can also apply to giving an organisation 'first refusal' on a commercial disposal, e.g., by protecting the asset from the open market for an agreed period, which may be particularly appropriate for social enterprises.

CAT can involve a transfer at less than market value. The level of subsidy will be determined by the social, economic, or environmental benefits generated by the transfer, opportunities for funding arrangements and affordability.

CAT can apply to community buildings and to other third sector uses, such as social enterprises or arts venues.

Why Transfer Assets?

Sometimes community based and third sector organisations are best placed to manage facilities in their local communities. They may make extensive use of volunteers, and their local knowledge and hands-on management of the asset is likely to result in lower overheads and better value-for-money, as well as a more intensive use of the asset.

Community management and ownership of assets directly supports the Council's Corporate Plan and asset management principles. It empowers local communities, puts local organisations in control, encourages pride of place and generates wealth in Newport's communities.

The asset transfer can also enable an organisation to apply for external funding that is not available to the Council.

Better use of its assets can help the Council achieve improved outcomes and efficiencies, however such transfers must be managed and provide a sustainable solution to avoid future risk and liabilities for the Council.

Which Organisations can be considered for CAT?

Third sector or organisations that are not for private profit:

- unincorporated charitable organisation
- company limited by guarantee with charitable status
- Community Interest Company (CIC) limited by guarantee
- community benefit Industrial & Provident Society with an asset lock
- CIC limited by shares

CAT recipients can be of any size and need to:

- generate social, economic, or environmental benefits
- directly benefit the people of Newport
- benefit as wide and diverse a range of local people as possible

Privately owned or commercial organisations can only be considered if their main aim is to deliver social, economic, or environmental benefits.

Eligibility criteria

- Need to demonstrate a clear community/social demand for the proposed CAT;
- Need to have a well-prepared sustainable business case;
- Need to have good governance, robust financial systems, and all necessary policies expected of a community organisation;
- Need to have the capacity to manage the asset through for example directors or management committee members who have the necessary experience and skills;
- Need to contribute towards the council's corporate and strategic objectives and Newport's Corporate Plan 22 - 27
- Must not duplicate activities, services or facilities already provided in the local community or area.

For how long will leases be granted?

We will carefully consider the specific needs of the organisation, the condition of the asset and the requirements of potential funders or lenders. We will base the length of the lease term on the needs that are clearly supported by the organisation's business plan, and on the organisation's capacity to manage the asset.

Proposals from community anchor organisations ("independent, community-run and led organisations, rooted in a sense of place, and with a mission to improve things for the whole community") and those which include the co-location of several services (a 'community hub') will be encouraged in this context.

Once granted, leases can usually be extended or restructured at a future stage, to meet changed activities or circumstances, or to meet the requirements of potential funders or lenders.

Leases will be accompanied by a Service Agreement that will secure the longer term benefits of the transfer, but also protect the Council's interests and liabilities. This will set out the agreed minimum standards, if appropriate, opening hours and activities, and how these will be measured and monitored. It will also ensure that the organisation meets all necessary requirements to achieve optimum community benefit and use of the asset.

Leases longer than 7 years will normally only be granted to organisations that have an 'asset lock' and will contain clauses that prevent the asset being assigned or sold on for unintended financial gain and the loss of the agreed benefits.

Leases will contain suitable clauses to ensure the return of the asset to the Council if the terms of the service agreement are not met, or in the case of dissolution, insolvency, or corruption.

What should the Business Case contain?

- Full details of the identified needs that will be met by the Community Asset Transfer
- Clear evidence of the capacity and experience of the organisation to manage and develop the asset – *reference guidance here*
- Detailed evidence that the CAT is financially sustainable over the life of the business plan and will not incur future financial liabilities for the Council, e.g. cash flow forecasts, projected utilisation rates, and details of any financial support secured from or pledged by funders and lenders; the Council will assist by making relevant information and data available;
- Details of the anticipated benefits that the CAT will produce and how these will be measured
- Details of the type of CAT and lease terms sought
- Evidence of support from relevant organisations, Council officers or departments, Council members, GAVO, other local stakeholders and potential funders
- A robust risk assessment of the CAT and details of alternative arrangements if the CAT proves unrealistic or not sustainable
- Plans for governance and decision making.