



ENVIRONMENT AND SUSTAINABILITY SCRUTINY COMMITTEE – 11TH FEBRUARY 2020

SUBJECT: COMMUNITY ASSET TRANSFER - DRAFT POLICY AND PROCESS

REPORT BY: INTERIM CORPORATE DIRECTOR - COMMUNITIES

1. PURPOSE OF REPORT

- 1.1 This report introduces a draft policy and process for Community Asset Transfer and seeks the views of the Scrutiny Committee on its content. The policy has been consulted upon internally, and with the voluntary sector. The version appended to this report encompasses the views of stakeholders to date. Further consultation will take place with Community Council Liaison Committee on the 11th March 2020. The draft policy will be referred to Cabinet for decision on the 25th of March 2020.

2. SUMMARY

- 2.1 Community Asset Transfer (CAT) is the transfer of assets previously provided via public sector funds to the management and control of community organisations. CAT can be used where the asset may have a community benefit as an alternative to disposal. The disposal of assets will usually be on a commercial basis to achieve best value; however there will be circumstances where the Council may decide that the asset would be better managed by a community organisation. Community organisations may be able to use the asset in a more sustainable way; reflecting the needs of the community, making use of volunteer expertise and time, and accessing funding streams not open to the local authority. CAT is not a route to surplus asset disposal and cost saving, when undertaken it should be used to bring benefits to communities through collaboration and release of assets for community use.
- 2.2 The Council has transferred assets in the past; however, the process has not been codified into a set of guiding principles. Welsh Government, through Estadau Cymru (Assets Cymru), promote the adoption of a CAT process that can be readily understood by community organisations and provide a consistent assessment process for the authority. The draft policy is based on the latest set of Estadau Cymru guidance.
- 2.3 The draft CAT policy is intended to be an umbrella policy that states the high level aims and approach. It is recognised that CAT will be different for each asset under consideration.
- 2.4 The views of Environment and Sustainability Scrutiny Committee are sought on the draft policy, to inform a version to be consulted upon with the Community Council

Liaison Committee, and prior to a Cabinet decision.

3. RECOMMENDATIONS

- 3.1 The views of Environment and Sustainability Committee are sought prior to further consultation, and to inform a version of the draft 'Community Asset Transfer Policy and Process' to be determined by Cabinet

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To allow the adoption of a consistent, transparent and easily communicated mechanism to support Community Asset Transfer, working with communities to ensure the continued sustainability of publically funded assets that have been identified for asset transfer due to having the potential to add social value to communities

5. THE REPORT

- 5.1 Community Asset Transfer (CAT) occurs when a public body passes on the management and/or ownership of a property asset to a third 'non-public sector' party; a community organisation. For the purposes of the draft policy it is envisaged that community organisations could be a community council, a third sector organisation or a properly constituted community group.
- 5.2 CAT is not a route to surplus asset disposal; it is about the Council working with communities to consider what assets might be suitable for transfer with a view to protecting that asset for community use in the future, but under a different management/ownership arrangement.
- 5.3 There may be circumstances where an asset can be better run by a community organisation that may be able to utilise skills and resources that are not available to the Council. Community organisations can access funding and support from external organisations that the Council can't, potentially allowing assets to be run more sustainably and securing their use for future generations. An asset could be repurposed to meet a new community need.
- 5.4 The routes to CAT may be that the Council identifies an asset, or a community organisation may approach the Council with a proposal. However, it should be remembered that the opinion of the Council is the important deciding factor as to whether an asset is suitable for CAT. There is no requirement placed on the Council to follow a CAT route, there will be circumstances where an asset is identified for disposal that has the potential to generate significant capital receipt that would help to sustain other services. Other assets are specifically excluded:
- Residential properties, including gardens, outbuildings and associated land
 - Assets held on Charitable Trusts; such assets can, and must, be used only to further the charity's aims
 - Caravan sites
 - Operational land of statutory undertakers
 - Assets whose recent or current use does not meet the definition of community value

- Agricultural land and buildings

- 5.5 The draft policy hyperlinks to many successful examples of CAT where valuable community services have been created from assets previously under the control and management of Councils;

[Welsh Government Community Asset Transfer Case Studies](#)

However, there are other examples where a CAT has failed and the asset has passed back into Council control with loss of reputation for the community organisation involved and a potentially greater liability for the Council than at transfer.

- 5.6 The draft policy is written to provide a robust but flexible staged process with an informal discussion preceding an Expression of Interest stage, followed by a full Business Case. This is intended to allow time for proper consideration and support and a negotiation between the Council and the community organisation. In seeking external funding streams the community organisation may require an outline approval and sufficient time to apply to external funders. The Council may require additional time to properly consider the applicants business case, including an assessment of financial sustainability, and signpost to organisations that can provide support to strengthen the application and ensure the sustainability of the CAT (Appendix 1 of the draft policy). The timeline for CAT will vary and will be dependent on the asset, the ability of the community organisation to provide the required assurances, and the ability of the Council to prepare an asset for CAT and make all relevant decisions. Best practice in other Councils suggests 6 to 10 months from Expression of Interest to Cabinet decision.
- 5.7 Any assets under consideration must be based on the continued use of the asset for the whole of the community and not a defined group of people for a specified purpose, proposed use should therefore be as wide as possible and should be focussed on wider community well-being. Equality related issues such as disabled access will be part of the consideration. If an associated service will be delivered from the asset an evaluation of the ability of the community organisation to provide the service bilingually will be part of the assessment
- 5.8 The majority of Councils in Wales already have in place a policy and process to support Community Asset Transfer. Caerphilly County Borough Council has adopted a set of principles for the transfer of playing fields to community organisations. This process will remain unchanged and is not dissimilar to the draft process appended to this report, which is intended to become the umbrella policy for all CAT.
- 5.9 Developing the draft policy does not reflect a need to dispose of assets not previously identified through the Corporate Asset Management Plan; there is no additional list of identified assets associated with its development.
- 5.10 The Committee should note that this policy is intended to operate alongside the previously agreed process for the community asset transfer of sports pitches where there are very specific and bespoke considerations.
- 5.11 **Conclusion**

In order to provide a consistent, transparent and easily understood process that can be used to support community organisations and guide the decision-making of the Council the appended draft policy has been developed using the Estadau Cymru

guidance and best practice examples from other Councils in Wales. The views of Committee are sought prior to consultation with Town and Community Councils.

6. ASSUMPTIONS

- 6.1 No assumptions have been made in this report.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 The following Council policies are relevant to the decision being requested:

7.2 Corporate Plan 2018-2023.

Community Asset Transfer has the potential to contribute to well-being in communities and support the Corporate Well-being Objectives as follows;

Objective 1 - Improve education opportunities for all- dependent on the proposed asset use. Examples in other Councils have included educational and cultural use of assets

Objective 2 - Enabling employment- CAT business cases are expected to be financially self-sustaining and could involve the employment of local people in delivering a service from the asset. Volunteering at community facilities is a supportive route into employment for economically inactive people.

Objective 5 - Creating a county borough that supports a healthy lifestyle in accordance with the sustainable Development Principle within the Wellbeing of Future Generations (Wales) Act 2015- community facilities are often set up to support sporting and cultural activities that are not statutory local authority provision and so provide additionality.

- 7.3 Community Asset Transfer is one of the actions on the **Team Caerphilly-Better Together** transformation strategy as part of enhancing the relationship with communities and supporting community resilience.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Community Asset Transfer has the potential to contribute to the following Well-being Goals :-

- A prosperous Wales- through employment and volunteering opportunities.
- A healthier Wales- connectedness and community activity supports mental well-being.
- A more equal Wales- retaining community services where the asset may otherwise be subject to disposal.
- A Wales of cohesive communities- involvement in community facilities supports community cohesiveness.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales- assessment considers the use of the asset in a sustainable manner.

Community Asset Transfer is consistent with the sustainable development principle, otherwise known as the five ways of working:

- Long Term – CAT has the potential to secure assets for community use in the long term supporting the well-being of future generations.
- Prevention – CAT may prevent non-statutory services from being withdrawn in communities.
- Integration – Communities often have a better grass-roots understanding of the needs of communities and what will support well-being.
- Collaboration – Collaborating with communities and enhancing relationships with them is part **Team Caerphilly-Better Together** strategy.
- Involvement – Involving communities in the management of asset previously managed by the Council will directly involve them in providing the services they want promoting community resilience.

9. EQUALITIES IMPLICATIONS

- 9.1 An Equalities Screening has been completed in accordance with the Council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified; therefore a full EIA has not been carried out.
- 9.2 The assessment process for a Community Asset Transfer asks the applicant how they will continue to make the asset useable by people with one or more protected characteristics.

10. FINANCIAL IMPLICATIONS

- 10.1 There are no direct financial implications associated with this report. However, should an asset be identified for transfer, either through promotion/advertising of its suitability by the Council, or in response to an approach by a community organisation there will be associated costs in providing a property information pack, preparing the asset for transfer (to a sufficient standard), engaging with and signposting the applicant organisations able to provide help and support, senior officer time in assessing the Expression of Interest and Business Case, and the costs of completing the legal transfer.
- 10.2 There is no associated programme for Community Asset Transfer, or an identified list of assets, that accompanies the draft policy and so at the current time it is envisaged that these costs will be met from within service budgets and offset against any potential savings that may be made when running costs transfer to the community organisation.

11. PERSONNEL IMPLICATIONS

- 11.1 There are no personnel implications associated with this report.

12. CONSULTATIONS

12.1 This report reflects the views of all consultees.

13. STATUTORY POWER

13.1 Local Government Acts.
Well Being of Future Generations (Wales) Act 2015.

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Consultees: Councillor Lisa Phipps, Cabinet Member for Homes, Places and Tourism
Councillor D. Tudor Davies, Chair Scrutiny Committee
Councillor Adrian Hussey, Vice-chair Scrutiny Committee
Mark S Williams, Interim Corporate Director- Communities
Mark Williams, Interim Head of Property
Rob Hartshorn, Head of Public Protection, Community and Leisure Services
Sue Richards, Head of Education Planning, Strategy and Finance
Stephen Harris, Head of Business Improvement and Interim 151 Officer
Tim Broadhurst, Estates Manager, Property Services
John Ollman, Leisure Services
Lynne Donovan, Head of People Services
Michael Eedy, Finance Manager
Anwen Cullinane, Senior Policy Officer (Equalities and Welsh Language)

Background Papers:
Estadau Cymru- advice on Community Asset Transfer
<https://gov.wales/community-asset-transfer-cat-guidance-applicants>

Appendices:
Appendix 1 Community Asset Transfer- Draft Policy and Process

APPENDIX 1

Community Asset Transfer Guide – Draft Policy & Process

Based on Welsh Government's Assets Cymru/Estadau Cymru Guide to Community Asset Transfer 2019

Context/Leader Introduction

The Council is committed to its values and delivering services with a 'social heart', to do this we need to work in collaboration to safeguard those services of value to our communities; finding better ways to use our buildings and land is part of this. We need to work collaboratively and openly with both the voluntary sector and communities to look for innovative ways to help us ensure that communities have the services they need. The strengths of the community and voluntary sector are an untapped resource that may, in some cases, be better at delivering some of the services the Council currently provides.

Community Asset Transfer can empower communities to secure the services that are important to them by transferring local authority assets to the management and control of community groups and voluntary organisations. However, there may be challenges that recipients have to face and overcome. A commitment and drive is needed from all partners to achieve a successful and sustainable outcome. Harnessing the combined expertise and skill of the public, third sector and community and social organisations, who are often directly engaged with the communities served by our public sector assets, provides us with new perspectives. Working in an integrated way means we can engage with local people in the development and sustainability of a thriving and diverse county borough.

Leader Signature

Introduction

There are many successful cases of Community Asset Transfer (CAT), [Welsh Government Community Asset Transfer Case Studies](#) where the community are managing and running assets previously in the control of the local council. However, there are equally examples where factors such as lack of experience, or insufficient research or preparatory work have turned an asset into a liability and damaged the reputation of the local authority and the applicant badly.

This Guide is meant to inform the process and minimise the risks to all parties, including the community, who have a vested interest in public sector assets and how they can be used to maximum benefit.

It is essential that there is clarity around the process of transfer and that those communities which wish to, are supported to take on assets and develop a thriving

and sustainable long-term plan for property and services transferred to the community. As public spending is under increasing pressure, the authority is concentrating on efficiencies and cost savings; for community and town councils, community-based organisations, social enterprises and voluntary organisations, this may create opportunities to take on some control/management/ownership of facilities (including their maintenance and ongoing costs). In so doing they will create strong foundations for future growth by bringing local skills and understanding, a grass roots understanding of communities, and the opportunity to access external support and grant funding that is not available to the local authority.

Our approach to CAT is based on mutual benefit with the aim of creating a joined up vision for shared goals for our communities.

Well-being of Future Generations (Wales) Act 2015

The Act is about securing the economic, environmental, social and cultural well-being of future generations. The local authority must work with its partners to achieve this, through working in collaboration with communities and thinking about what actions will secure the best outcomes for the county borough in the long term. Solving problems together and securing well-being for the long-term are key strands of the legislation.

The Caerphilly Public Services Board comprises public sector partners, sitting alongside the Gwent Association of Voluntary Organisations. Our partners include the Police, Health Board, Police and Crime Commissioner, Fire Service, Natural Resources Wales, Probation bodies, Public Health Wales, Town and Community Councils, and Welsh Government. Public sector budgets are decreasing and many of our partners are seeking to divest themselves of assets to reduce liabilities. We are committed to working in collaboration with our partners to seek the best outcomes for our communities.

Assets Cymru (Estadau Cymru), formerly the National Assets Working Group, recognise that CAT is a key part of improving the delivery of public services in Wales for future generations. This policy is based on advice from Welsh Government who are encouraging public sector bodies to develop a process for Community Asset Transfer.

The Framework

Local authorities have the power to dispose of assets and land in various ways, although such disposals must be appropriately handled and accounted for. The disposal of assets will usually be on a commercial basis to achieve best price. However, there will be circumstances when a below market value disposal can be considered under certain directives, such as the *Local 'General Disposal Consent' (Wales) December 2003 circular*, where it can benefit the community through the 'promotion or improvement' of the economic, social or environmental well-being of the area. The authority can, therefore, demonstrate best value while not necessarily obtaining the best capital receipt.

Community groups may proactively approach the authority if they have an interest which might lead to a business proposition. For example, through highlighting an interest in a specific asset; by being made aware of the likelihood of disposal through the local authority website; or through social media. Community groups are encouraged to come forward with initial expressions of interest. Support and information will then be prioritised to develop the idea and links will be made with organisations in a position to offer support packages.

What is a Community Asset Transfer?

A CAT occurs where the local authority passes on the management and/or ownership of a property asset to a community council or third sector/community group. Often, but not always, this can include the delivery of an associated service. CAT is definitely not a route to surplus asset disposal – the ultimate aim is community empowerment – ensuring that land, buildings or services are retained or transferred and then operated for public benefit through community asset ownership and management. The spectrum of transfer options is wide, but can include community control, or ownership, with some form of registerable title, occupation agreement and/or management arrangements created in favour of the new asset holder.

For a CAT to proceed, the asset must be identified as having ‘community value’, defined as follows:

The main current use of the asset furthers the social wellbeing and interests of the local community. (The term ‘social interests’ includes in particular, though not exclusively, cultural interests, recreational interests and sporting interests) and it is realistic to think that it can continue to do so¹.

Where an asset is not currently in use in a way that meets this definition, it must have been so in the last 2 years and it is realistic to think that it could be within the next 2 years.

The following are specifically excluded from being considered as community assets:

- Residential properties, including gardens, outbuildings and associated land
- Assets held on Charitable Trusts; such assets can, and must, be used only to further the charity’s aims
- Caravan sites
- Operational land of statutory undertakers
- Assets whose recent or current use does not meet the definition of community value, *even if the intended use by a community purchaser would be of community value.*
- Agricultural land and buildings.

¹ Localism Act 2011 s88 (not yet enacted in Wales)

Who Can Apply?

- Community and Town Councils represent populations in Aber Valley; Argoed, Bargoed; Bedwas, Trethomas and Machen; Blackwood; Caerphilly; Darren Valley; Draethen, Waterloo and Rudry; Gelligaer; Llanbradach and Pwll-y-pant; Maesycwmmmer; Nelson; New Tredegar; Penyrheol, Trecenydd and Energlyn; Rhymney; Risca East; Risca West; and Van. Community and Town Councils are accountable to local people and have a duty to represent the interests of different parts of the community equally. One Voice Wales is able to offer support to Town and Community Councils on CAT.
- Third sector groups which are value driven, independent, non-government organisations motivated by social, cultural or environmental objectives, not profit. Surpluses are reinvested to benefit the people and communities they serve. Organisations have a myriad of different legal structures. The Gwent Association of Voluntary Organisations can offer support on the development of third sector organisations.
- Community based groups. However, these should be properly constituted with a proper governance structure, constitution or memorandum of association. Risk and liability should be clearly understood and capacity to commit in the long-term with necessary skills and abilities must be secured. Again, the Gwent Association of Voluntary Organisations can provide guidance.

Eligible groups may proactively approach the authority if they have an interest which might lead to a business proposition, for example, through highlighting an interest in a specific asset. Alternatively, groups may be made aware of the likelihood of disposal through the council's marketing activity. Community groups are encouraged to come forward with initial expressions of interest. Support and information will then be prioritised to develop the idea and links will be made with organisations in a position to offer support packages.

In all cases governance, legal and sustainability criteria must be met (please see associated application forms). New organisations will be considered subject to meeting due diligence considerations.

Additional support and guidance is available from the organisations listed in Appendix 1.

The Process

Application

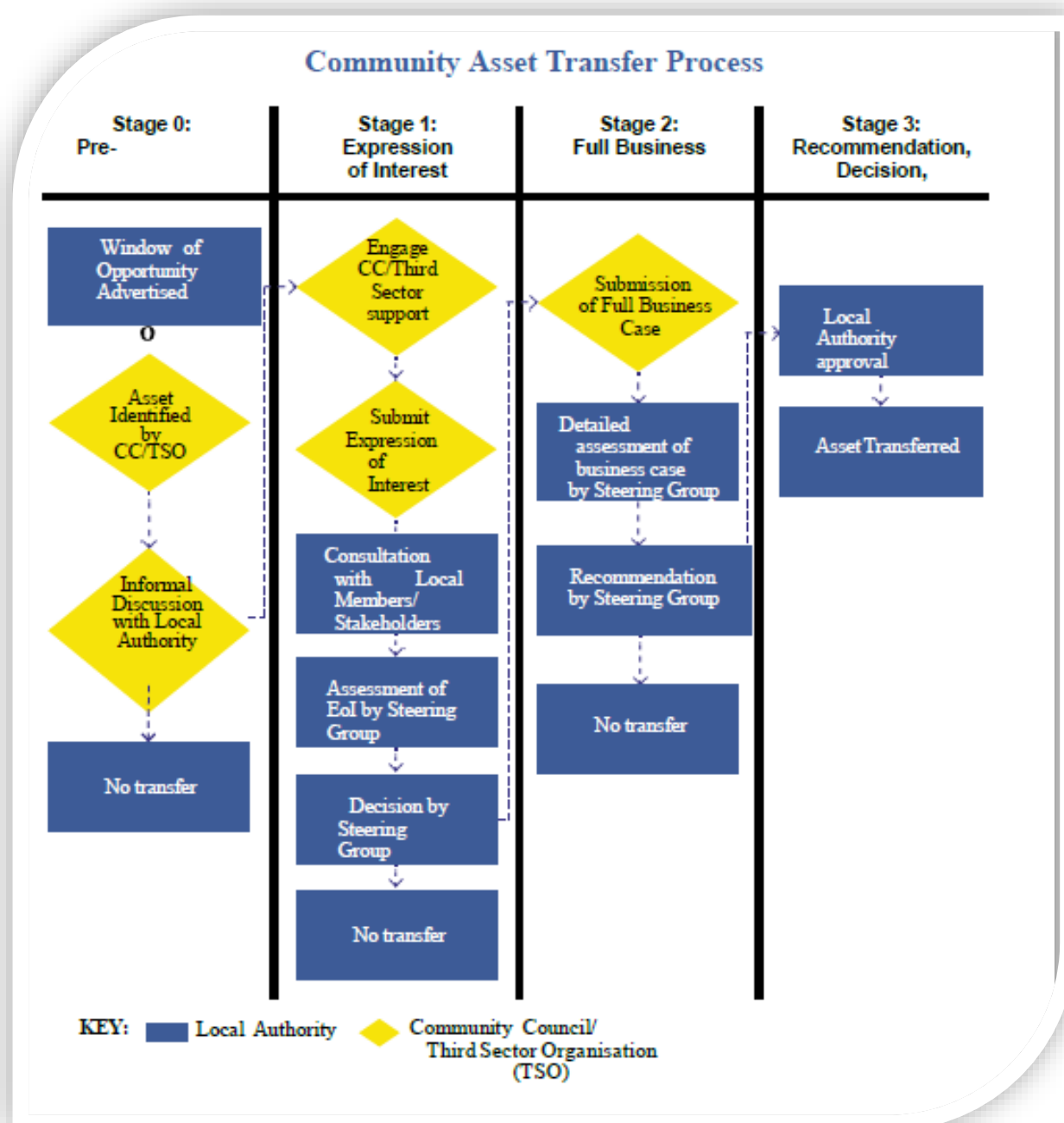
A two-stage application process will ensure that valuable resources are not spent in developing and assessing a full business case until basic consideration criteria are met. Early areas of weakness can be identified and supported to improve the

chances of a full business case succeeding. **Pre-application discussion is encouraged to discuss options and scope.**

The first stage is the submission of an Expression of Interest (EOI) to provide the authority with enough information to consider the application. The EOI form is attached at Appendix 3.

The second stage is a more detailed business case. The business case form is attached at Appendix 5.

Timescales



Sufficient time will be given to develop business cases. Best practice suggests six to ten months from initial EOI to Cabinet decisions by the Council. However, this will not be achievable in all circumstances, especially where the applicant organisation needs to carry out some development activity, scope funding with providers or consider the implications of TUPE arrangements for staff. We recognise that large transfers can take 12-24 months to complete. Please see Appendix 2 for indicative timescales.

Decision Making

The authority will ensure that its decision-making is transparent and against set criteria that are understood by all parties. Steering Group members will comprise the Head of Property, Head of Legal Services, Head of Finance, Head of Business Improvement, Gwent Association of Voluntary Organisations, and Head of Organisational Development (where TUPE may apply), along with the Cabinet Member for Homes and Places as appropriate. Steering Group membership will vary at each stage as set out in Appendix 2.

In assessing a Stage 1 EOI the Steering Group will have regard to:-

- Benefits for the community, the applicant and how they relate to delivering Council priorities.
- Governance, structure and history of the organisation.
- Potential loss of capital receipts, existing income, or other opportunity cost including reinvestment in other services.
- Potential benefits in terms of community value and social, economic, environmental and external benefits.
- Possible risks to the future sustainability of the asset both for the community and the applicant organisation.
- Proposed level of asset discount and terms of transfer.
- Any legal issues arising such as restrictive covenants and title restrictions.
- Ability to provide services through the medium of Welsh.

Decisions will be communicated to the applicant in a timely manner and if there are clear reasons not to proceed to Stage 2 they will be explained fully and clearly.

The Stage 2 Detailed Business Plan will also be assessed by the Steering Group, with a recommendation made on whether to proceed with the transfer or not. In addition to the information prioritised in the EOI this will include:-

- Detailed risks in relation to financial and organisational capacity, governance and an assessment of the ability to manage the asset sustainably for the long-term.
- Track record of delivering similar community services, projects and enterprises.
- How far the proposed use will serve the whole of the community including people with protected characteristics under equalities legislation.
- How opportunities to ensure sustainability will be maximised e.g. income generation.
- Financial management arrangements.
- On larger and other transfers (which would include income generating schemes) there should be advice from people/bodies with a business background to help deliver the proposal.
- Compliance with State Aid, Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and EU Procurement rules (if applicable).
- Any legal restrictions to be imposed e.g. restrictive covenants and clawback provision.

- Monitoring and evaluation arrangements e.g. Service Level Agreements.
- Proposed terms of transfer.

Guiding Principles used by the Local Authority

- The approach of the authority will be robust but flexible. Community assets have been funded and sustained by public sector funds for the benefit of the whole community. As guardians of these assets the authority will aim to support continued community use. **However, there will be circumstances where alternative disposal, possibly through commercial sale, will be in the best interests of the county borough as a whole, including ensuring the sustainability of essential services that can only be delivered by the authority. Those assets which have the potential to generate significant capital receipts are not likely to be considered as suitable for transfer.**
- Assets held on Charitable Trusts cannot be considered; such assets can only be used to further the charity's aims.
- Assets that are required for the delivery of essential services, or are generating an income stream for the council, will not be considered. In particular, assets in the industrial portfolio which have a key role in generating rental income and supporting the economic development of the area will not be considered.
- The authority will notify the community at an early stage which public sector assets are available for Expression of Interest. This will be via the authority's website.
- The authority will consider applications in accordance with its Corporate Asset Management Plan.
- If the asset is one which cannot be transferred this will be communicated at the earliest opportunity.
- The Welsh Language Standards dictate that the authority must consider the effects of a decision on the ability for people to use the Welsh language. Decisions taken must have no adverse effects on the language. The authority is required to provide services that support Welsh and will seek to ensure that applicants pay due regard, depending on their size and capacity, to the language and the rights of people in Wales to access services in English or Welsh equally.
- Recognising the particular needs of groups with protected characteristics and how they will be able to continue to use the asset when it transfers out of the control of the council, who are bound by the Equality Act 2010.
- A risk assessment will be conducted to see if a CAT is the right process for managing an asset and what might happen if the applicant body were to cease to exist in the future.

- Is there proven support from the community for the proposal and how would the wider community benefit?
- Whether the CAT could impact on future opportunities to use adjoining local authority assets.
- Whether the applicant body is relevant, coherent and sustainable in order to provide some assessment of the ability to manage the asset after transfer, recognising that:
 - Running costs may be less for the applicant e.g. ability to use volunteers.
 - Applicants will need to be provided with information on running costs, a condition survey, future maintenance needs, energy rating and consumption data.
 - Repair responsibilities, planning conditions, covenants, access requirements, and ongoing liabilities will need to be understood.
- EOI's will be assessed by the Steering Group within expected timescales.
- Written documentation will be assessed, including a thorough understanding of financial and legal liabilities e.g. business rates, maintenance, insurances, staff payments, pension requirements, on-costs, TUPE obligations (including future pension obligations), utility bills, crime/vandalism risks and mitigation, statutory compliance and building safety. This will be done in a way which is relevant and proportionate to the size of the applicant organisation and the asset being transferred.
- Whether the financial plan is robust and not solely reliant on upfront grant funding.
- Share all legal restrictions and covenants with applicants upfront to avoid time and effort being committed by both parties that cannot bear fruit.
- Consider adding clawbacks and restrictions to protect the authority and the asset for use by the community in the future. However, this will be mindful of the ability of the applicant to secure loans or funding where excessively restrictive stipulations will be detrimental to the success of achieving the necessary funding e.g.
 - Covenants that restrict disposal in the event of default.
 - Recovery of capital where the asset transfers back to the local authority.
 - Minimum lease terms to secure funding.
- Identify and deal with any staff matters such as TUPE, redundancy, management of change.
- Taking a consistent approach with all applications commensurate with the size of the asset being transferred.

- Ensure that all legal risks and liabilities are understood by the applicant, including the use of assets where personal injury/death by users is more likely to happen e.g. sports facilities.
- For assets connected with services there will be additional ongoing considerations. How will services be modernised in time, can the service be facilitated in another way, will a service transfer secure savings for the local authority, will a minimum acceptable level of service be provided into the future?

Guidance for Applicants

- Applicants should familiarise themselves with the issues the authority will be considering and any upskilling that may be needed before making an Expression of Interest.
- Applicants should be mindful of the scale of commitment required in managing the asset and any associated services. This will obviously vary depending on the size of the asset, but the authority will want to support the applicant and collaborate to make the transfer succeed.
- The effort involved in maintaining the asset post transfer, sustainably and with a commitment to the long term should not be underestimated. Initial enthusiasm based on an honest desire to provide the asset for community use can be an engine for success. However, there have been many cases where enthusiasm has waned, CAT's have failed and been transferred back or sold for capital receipt at less value, thereby resulting in a bad deal for residents of local authorities. Particularly where a better capital receipt at the outset could have helped sustain local authority services. The authority will signpost the applicant to help and support available to ensure every opportunity is taken for successful transfer. Applicant 'burn out' in the medium term must be avoided.
- The applicant must be a Community or Town Council, a third sector organisation or a community body. It must be legally constituted and provide limited liability for the stakeholders involved, such as a not-for-profit company limited by guarantee, a charitable incorporated organisation (CIO) or a Community Interest Company (CIC). It must have powers to enable the management and ownership of buildings for trading and the provision of services.
- Applicants should demonstrate good governance through open and accountable processes, with appropriate financial and audit controls.
- Applicants should demonstrate engagement with the community and users of the asset, demonstrating an inclusive approach to all users and potential users.
- Applicants should demonstrate the skills, abilities and capacity, or evidence access to them, to enable them to effectively deliver services and manage the asset.

- Applicants will provide and maintain all necessary governance documentation beyond the initial application assessment.
- Applications for multi-use and co-location of other services are preferred. Single use applications (e.g. use by clubs with only a few members, or for a single defined activity) will only be supported by a significant business case, and may be viewed less favourably. Assets must be open to as many community users as possible.
- Consideration will be given as to whether the proposed activity is already being met elsewhere i.e. is there sufficient business to make the CAT sustainable?
- Is there enough space in the asset or is the space, and hence the liability, too large for the applicant to handle successfully?
- A robust business plan and financial plan is required (please see Appendix 4 and 5 for suggested content). The due diligence process will be proportionate to the size of the asset under consideration.
- Where an Expression of Interest is received for an asset not already earmarked and advertised as available for disposal, its suitability will be offered to other organisations via the local authority website in the interests of fairness, openness and transparency.
- CAT usually involves a transfer at less than market value and the type of tenure could be:
 - Management agreement
 - Licence to occupy
 - Short lease
 - Long lease
 - Freehold transfer

However, the business case must show that community benefits justify the disposal at less than a market price. The authority recognises that lease length must be sufficient for the applicant to secure external or grant funding.

- Most CAT's will be transferred on full repairing, insurance and full liability terms. As the authority will no longer have management control it cannot be liable for legal and ongoing liability. However, there may be circumstances where some control is retained e.g. listed buildings or for the outside fabric of the building.
- The authority will aim to be as flexible as possible in its terms to allow the continued sustainability of CAT. However, it will need to be mindful of its duty to protect the public purse for the long term.
- Applicants are strongly encouraged to engage with national/local support organisations to prepare the EOI and full business plans. Specialist advice is likely to be needed. This will improve the quality of the application and likelihood

of success. Details of organisations providing support are detailed at Appendix 1. This list will be kept up to date on the local authority website.

- The support of local Elected Members is important. They will have links with local groups and evidence of community demand. However, they cannot be involved in any decision-making by the authority and may not be able to provide support due to conflict of interest if, for example, they are Members of relevant Scrutiny Committees, Members of Community Councils or on the board of voluntary/community organisations.
- If relevant the local Town or Community Council should be consulted and canvassed for support. The appropriate Town/Community Council will be consulted by the authority at the EOI stage.
- Consider what funding through grant, loans or funds from charitable organisations will be available in the short term at initial start-up, and in the longer term if necessary. Many grant funding streams will only make funds available for a project once and only in the initial pump priming stage. Is a source of income, or volunteer capacity, likely to sustain the project in the long term?

Appendices

Appendix 1

List of organisations that can provide additional support and funding

Appendix 2

Process Timeline

Appendix 3

Minimum Expression of Interest Template

Appendix 4

Suggested Financial Plan Template

Appendix 5

Suggested Business Plan Contents

Appendix 6

Composition of Steering Groups

Appendix 1- List of organisations that can provide additional support and funding

Organisation	Description	Contact Details
Gwent Association of Voluntary Organisations	Support for voluntary and community groups in the county borough. First point of contact for Expressions of Interest and support regarding funding, governance and volunteering	Ty Derwen , Church Road, Newport NP19 7EJ www.gavo.org.uk 01633 241550
Caerphilly County Borough Council	Details about the asset and Property Information Pack	Property Services, Caerphilly County Borough Council property@caerphilly.gov.uk 01443 863333
Wales Cooperative Centre	Free help and business advice to social enterprises and co-operatives in Wales	info@wales.coop Wales.coop 0300 111 5050
Social Firms Wales	Works alongside social firms UK to create employment opportunities for disadvantaged people	members@socialfirmswales.co.uk www.socialfirmswales.co.uk 07799 345 940
One Voice Wales	Supporting town and community councils in Wales – legal advice, advice on service delivery, training, and policy matters	www.onevoicewales.org.uk 01269 595400

Health and Safety	Legal advice and guidance for managing health and safety	www.hse.gov.uk 0845 345 055
Development Trusts Association Wales	National body for community base regeneration work. Provides a useful guide to asset development covering planning and implementation, community involvement, securing finance and handling legal issues	Dtawales.org.uk 02920 190260
Wales Council for Voluntary Action	Support and representation for the third sector, including support to access funding.	www.wcva.org.uk 0300 111 0124
My Community Rights	Specific advice for community asset transfers, offers advice and guidance on identifying an asset, developing a business case and identifying professional help	mycommunity.org.uk
Planning Aid Wales	Community engagement in the local authority planning process	http://www.planningaidwales.org.uk/
Business in the Community	Helping businesses deliver social, environmental and economic sustainability through responsible business practices	https://www.bitc.org.uk/wales

Appendix 2- Process Timeline

Stage	Requirement	Decision-Maker
<u>Stage 0</u> Discussion of ideas Preparation of Property Information Pack	Initial interest stage. The local authority will be happy to discuss your ideas with you before the submission of an EOI	Relevant Head of Service
<u>Stage 1</u> Expression of Interest (EOI) Further advice and assistance can be provided if necessary throughout the EOI and business plan stages through the organisations in Appendix 1. In the interests of openness, an EOI submitted in relation to a specific asset <i>not put forward, but accepted as a possible transfer, by the authority</i> will automatically trigger its advertisement to the whole community for a period of 4 weeks . Invitations will be submitted to acceptable organisations to proceed to Stage 2	Forms an outline business case. Submit within 21 days of EOI. Appendix 3 <ul style="list-style-type: none"> • Background of the applicant • Ability and experience • Proposed use of the asset • Benefits to the community • Organisational health check • Support from community, partners and stakeholders Where already available a property information pack will be provided at this stage.	Steering Group Head of Property Head of Legal Services Head of Business Improvement Head of People Services (where TUPE may apply) Cabinet Member for Economy, Infrastructure, Sustainability and Well-being of Future Generations If rejected the applicant will be advised of the reasons by the authority and offered sources of further advice and support by GAVO and the organisations in Appendix 1.
Marketing and Submission of Eo1: 7 weeks		
Evaluation and Invitation to Stage 2: 4 weeks		
Stage 1 indicative timescale: 11 weeks		
<u>Stage 2</u> Submission of Business Case Property Information Pack will be provided	Detailed Business and Financial Plan. Appendices 4 and 5 Specific attention to: <ul style="list-style-type: none"> • Needs analysis and projected utilisation • Type of transfer sought and why 	Steering Group <ul style="list-style-type: none"> • Head of Property • Head of Legal Services • Head of Business Improvement • Head of Finance • Head of (relevant service)

	<ul style="list-style-type: none"> Planned outcomes and benefits and how they might be monitored/measured Details of any proposed partnership/collaborative working Track record of delivering services/managing property Benefits for the community Risks (financial and organisational) and ability to manage them Details of the community's views Ability and experience of organisation in providing services to the public through the Welsh language 	<ul style="list-style-type: none"> Cabinet Member for Economy, Infrastructure, Sustainability and Well-being of Future Generations Head of People Services (where TUPE may apply) GAVO <p>As appropriate and for the required advice, Head of Regeneration and relevant Head of Service</p>
Submission of Detailed Business Plan and Financial Plan: 7 weeks		
Evaluation and Preparation of Report: 7 weeks		
Stage 2 indicative timescale: 14 weeks		
<u>Stage 3</u> Recommendation, decision and completion	Approval by report to Cabinet and Welsh Government if necessary, considering: <ul style="list-style-type: none"> Protocol for the Disposal of Property State Aid 	Report by: <ul style="list-style-type: none"> Cabinet Member for Homes and Places Head of Property Head of Legal Services Head of Organisational Development (if TUPE applies)
Stage 3 indicative timescale: No more than 15 weeks		
TOTAL INDICATIVE TIMESCALE 40 weeks		

Note:

The timescale will provide sufficient time to prepare any required documentation including property information packs, business plans and financial plans. However, flexibility is important as timescales may also link to external dependencies such as decisions on funding applications. It is acknowledged that large or complex transfers can take some time to resolve complicated issues and ensure sustainable services for future generations.

Appendix 3 – Minimum Expression of Interest Template

Please complete this form, attach any relevant additional information, and send for appraisal, in the first instance, to Property Services, Penallta House, Tredomen Park, Ystrad Mynach, Hengoed, CF82 7PG. Tel no: 01443 863333.
E Mail: property@caerphilly.gov.uk

The form must be completed in full. We will be unable to assess any forms that are not complete. If you require advice at any stage please contact the number above.

If your interest is considered viable we will contact you for further details. You will be given an explanation if we are unable to proceed.

PRIVACY NOTICE – General Data Protection Regulations

We require the information requested in this form to allow us to process your application. All information provided in support of an application, including personal details, will be held in a database. You have a number of rights in relation to the information including the right of access to information we hold about you and the right of complaint if you are unhappy with the way your information is being processed.

For further information on how we process your information and your rights please click the following link:

<https://www.caerphilly.gov.uk/CaerphillyDocs/FOI/PrivacyNotices/Corporate-Property.aspx>

A. ABOUT YOUR ORGANISATION

Name of organisation:

1. Contact Details

Main contact for this application – this must be someone who knows about your project

Title:	First Name:	Surname:
Position held in organisation:		
Address for correspondence:		
Postcode:		
Is the above your:	Organisation address: <input type="checkbox"/>	Home address: <input type="checkbox"/>
Telephone Number:		Mobile Telephone Number:
Email address:		Fax Number:

2. Status of your Organisation

What type of organisation / group are you? Tick/fill in whichever boxes apply

Charity <input type="checkbox"/>	If registered, please give registration number
Community group/club/society <input type="checkbox"/>	Town/Community Council <input type="checkbox"/>
Company Limited by Guarantee <input type="checkbox"/>	Company Reg. Number
Community Interest Company <input type="checkbox"/>	Other, please give details

When was your organisation set up?	Year
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3. Governance

Does your organisation have a written constitution, governing document or set of rules?

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Comments
If "Yes", have you appended a copy <input type="checkbox"/>				

How many people are involved in your organisation?

Management committee		Paid staff full-time	
Paid staff part-time		Volunteers	

Please indicate which of the following insurance cover your organisation holds (or plans to put in place) and provide levels?

Type of insurance:	Holds:	Plans:	Level of cover:
Public Liability	<input type="checkbox"/>	<input type="checkbox"/>	
Employer Liability	<input type="checkbox"/>	<input type="checkbox"/>	
Professional Indemnity	<input type="checkbox"/>	<input type="checkbox"/>	

4. What is the purpose and main aims of your organisation?

(Please also provide any relevant background documents)

B. ABOUT YOUR PROPOSAL

5. Title of Project (please keep this short):

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6. Please provide details of the asset (building or land) in which you are interested (name, address etc).

It is essential that you clearly identify the asset – if you have plans or drawings please forward copies.

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Please state the length of lease required:	Years	
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Please consider whether this meets the likely requirements of current or future grant funder(s).

7. Please provide a brief description of your proposal, including the reason why you are applying for a council asset and what the intended use will be:

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8. Please outline how the amenity or facility will be maintained after the project has been completed / land has been transferred:

--

9. How will the community benefit from the proposal?

Please attach any supporting documentation or further notes, if applicable.

COMMUNITY BENEFITS	Y/N	IF 'YES', PLEASE GIVE FURTHER DETAILS
Will your proposal enable access by all members of the community?		
Will your proposal maintain an existing service or activity in the local community?		
Will your proposal create a new service or activity in the local community?		
Will your proposal have wider community benefits?		
Will your proposal create opportunities for local organisations to work together?		
Will your proposal bring additional financial investment into the area (e.g. through grants unavailable to the Council)?		
Will your proposal create opportunities for developing local enterprise or additional employment?		

10. Will the project present a conflict/overlap with other similar facilities in the locality?

Consider whether there are any similar facilities already in the vicinity and whether this project may have a negative impact on these.

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11. What is your evidence of need for your project and with whom have you consulted?

C. ATTESTATION

I confirm that, to the best of my knowledge and belief, all the details in this application are accurate. I understand that the council may ask for additional information at any stage of the application process and that you may check this with other sources.

I also understand that this application refers to asset transfer only and is not an application for financial assistance.

Signed:

Name:

Date:

Please return completed form to:

**Property Services
Penallta House
Tredomen Park
Ystrad Mynach
CF82 7PG
Email: property@caerphilly.gov.uk
Phone: (01443) 863333**

Appendix 4 – Suggested Financial Plan Template

Income and expenditure forecast Years 1-5. The authority recognises that new organisations, or those embarking on CAT for the first time, may have difficulty forecasting forward 5 years. However, the more information that can be provided the more the authority can be assured of the sustainability of the proposal.

We recognise that some information may need to be developed over time and that funding bids may be subject to an agreement from the authority. In addition, further information may be required from the authority on building costs and maintenance requirements. Support and guidance will be available from the authority and its third sector partners.

The row headings below are examples only and a plan can be populated with information you will have thought about for your proposed use of the asset. We would expect to see as much detail as you are able to provide.

		Phase 1	Phase 2		Phase 3		
		Current	Year 1	Year 2	Year 3	Year 4	Year 5
No	INCOME						
1	Grant aid						
2	External funding						
3	Rent and room hire						
	Room 1						
	Room 2						
4	Other income						
	Café/shop						
	Other sales						
5	Volunteer time in kind						
6	Ongoing fundraising						
	TOTAL						
	EXPENDITURE	Current	Year 1	Year 2	Year 3	Year 4	Year 5
7	Salaries and on costs						
	Manager						
	Caretaker						
	Cleaner						
8	Volunteer support costs						
9	Building management costs						
	Cleaning materials						
	Commercial waste						
	Security						
10	Utilities						
	Water						
	Electricity						
	Gas						
	Telephone/Internet						
11	Rates						
12	Repairs and maintenance						
13	Transport and travel						
14	Centre supplies						
	Tools and materials						
	Equipment hire						
	Furniture and IT						
	PPE						
15	Centre promotion						
	Printing publicity						

		Phase 1	Phase 2		Phase 3		
		Current	Year 1	Year 2	Year 3	Year 4	Year 5
	Advertising						
16	Insurances and professional fees						
	Property insurance						
	Public liability						
	DBS checks						
	Performing Rights Society						
	Accountancy fees						
	Legal fees						
	Architects fees						
	Other consultancy						
17	Other sundries and miscellaneous finance						
TOTAL							
SURPLUS/DEFICIT							
ACCUMULATED RESERVES							

Appendix 5 – Minimum Business Plan Contents

Below are suggestions for what your business plan might contain. The list is not exhaustive and will vary from organisation to organisation, the size of the asset proposed for transfer and the proposed use of the asset. Advice and guidance can be sought from those organisations listed in Appendix 1.

Project / Proposal Details

Property Name:	
Name of organisation	
Contact name	
Position held in organisation	
Address	
Telephone number	
Email address	
Title of project/business name	
Location of Project:	
Date of application:	
Company / Charity number	
Purchase or lease amount	

Signature	
Name	
Designation	
Date	

PRIVACY NOTICE –General Data Protection Regulations

We require the information requested in this form to allow us to process your application. All information provided in support of an application, including personal details, will be held in a database. You have a number of rights in relation to the information including the right of access to information we hold about you and the right of complaint if you are unhappy with the way your information is being processed.

For further information on how we process your information and your rights please click the following link:

<https://www.caerphilly.gov.uk/CaerphillyDocs/FOI/PrivacyNotices/Corporate-Property.aspx>

If you are not completing this document electronically, please continue each section on additional paper if necessary and annotate accordingly.

Please ensure any additional information is included with your submission and are recorded as appendices.

[Introduction](#)

Score

[Management and Operations](#)

[The Market](#)

[Key Outcomes and Success criteria/benefits](#)

[Affordability](#)

[Stakeholder Engagement](#)

[Risks](#)

[Dependencies / Critical Success Factors](#)

<u>Community Engagement, Equalities and Accessibility to Services</u>	
<u>Physical Outputs of the Proposal / Project</u>	

[Timescales](#)

[Sustainable Development](#)

[Well being](#)

[Planning Considerations](#)

Purchase Details	
Additional Information	

Appendices	

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Section	Description
Introduction	<p>This section should;</p> <ul style="list-style-type: none"> ▪ State the aim and purpose of the business/project. ▪ Explain the fundamentals of the proposal and what you want to achieve. ▪ Detail your key objectives. ▪ Include your mission statement. ▪ Explain current issues and why the proposal is needed. This could include evidence of market research, evidence of need and any one you have consulted with. ▪ Summarise any events, work or other projects that are either dependent on the outcome of this or that the proposal is dependent on.
Management and Operations	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Explain the status of the business e.g. commercial or community focussed and describe your legal form of ownership e.g. Sole proprietor, Partnership, Company Limited by Guarantee, Charitable organisation, Community Group, Community Interest Company etc. ▪ Describe how the organisation will be structured and levels of decision-making. ▪ Describe the organisation structure and when it was established. ▪ Describe any opportunities for collaboration and building partnerships ▪ Detail the number of employees/volunteers. ▪ Include a copy your written constitution if applicable. ▪ Provide details of any relevant policies and procedures.
The Market	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Describe in depth your products or services and how you will deliver these day to day. ▪ Explain what factors give you the advantage or disadvantage against alternative service provision e.g. consider if the proposal will conflict/overlap with

	<p>similar facilities in the area.</p> <ul style="list-style-type: none"> ▪ Identify your client/customer base or the community you want to serve. ▪ Describe your existing and target markets. ▪ Describe how you will build and maintain your profile and identify any potential opportunities for expansion.
Key outcomes and success criteria/benefits	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Highlight the expected immediate and long-term benefits of the proposal. Think about your business development strategy over the next 5-years. ▪ Summarise the main benefits; who is responsible for them and how will they be realised. Wherever possible try and give them a value so that they can be properly quantified. This will make it easier to measure whether they have been realised. Where there are significant elements that cannot be valued in money terms e.g. they are social rather than financial, these still need to be brought out in your assessment. You should take into account, if possible, all the tangible and intangible benefits that you believe will accrue.
Affordability	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Explain what resource will be required, including staff resources and where this resource will come from. ▪ Establish the set up costs and identify whether there is sufficient capital available. ▪ Include a Financial Plan providing projected income over 1-5 years, your expenditure profile, income generating activities and projections and your fundraising plans. This information should provide a reasonable estimate of the proposal's financial future. ▪ Specify whether potential funding sources been identified if required and detail the timescales involved with any funding applications. <p>There will be many expenses before the business/project begins to operate. It is important to estimate these expenses accurately and then to plan for sufficient capital. No business/project should go forward without</p>

	<p>adequate understanding of resourcing requirements.</p> <p><i>Administration, Capital and Programme expenditure should be shown separately for each financial year of the project. The draft Financial Plan at Appendix 4 should help you.</i></p> <p><i>Administration costs should include the costs of managing the project.</i></p> <p><i>If it is helpful, show separately a sheet identifying the costs vs. the benefits gained in each financial year. This can be discounted to show the “present value” of the entire project.</i></p>
Stakeholder engagement	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Detail any discussions that have taken place if funding is required to take the proposal forward. ▪ Confirm those responsible for providing resources have indicated that they approve of the undertaking.
Risks	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Summarise the key risks and how they might be managed. Remember to identify opportunities and how you will exploit them as well as things that may go wrong. ▪ Explain how you intend to mitigate any risk you have identified.
Dependencies / Critical success factors	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Identify any events or work that are either dependent on the outcome of this proposal or that the proposal will depend on. ▪ Outline the things that must go right to ensure the success of the proposal. For example, does it need to deliver all its objectives and benefits to be successful?
Community engagement, equalities and accessibility to services	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Provide evidence of how this proposal would result in wider community engagement. ▪ Detail how it aims to improve access, facilities or opportunities for less able or marginalised groups. ▪ Explain how all individuals will have an equal opportunity to access the proposed business/service,

	irrespective of colour, ethnic origin, sex, age, marital status, sexual orientation, disability, religion/faith, gender re-assignment, language or nationality.
Physical outputs of the project	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Detail the outputs of the proposal e.g. number of jobs created, develop local enterprise, create opportunities for local organisations to work together, improve the building or area of land. ▪ Explain if the proposal will create a new service or activity in the local community, whether there will be any wider community benefits and whether the proposal will bring additional financial investment into the area (e.g. through grants unavailable to the council).
Timescales	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Explain anticipated timescales for business/project start-up. Consider timescales involved with funding applications and/ or building refurbishment.
Sustainable development	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Describe what features will be utilised to ensure the proposal works in a sustainable manner e.g. energy saving measures, waste recycling, renewable materials, reduction in the need to travel by improving or adding local facilities, ensuring easy access by public transport, and by walking or cycling.
Well being	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Describe how the business/project will help to improve access to health and social care facilities, make the community feel safer, increase employment opportunities and support the local economy.
Planning Considerations	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Identify whether any planning consents are necessary e.g. change of use application and detail what the implications would be.
Purchase details	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Detail what works you intend to undertake/ ▪ Specify your preference for lease or purchase and if applicable, length of lease required.
Additional Information	<p>This section should;</p> <ul style="list-style-type: none"> ▪ Include other details you may need to include in

	support of your proposal.
Appendices	<p>This section should;</p> <ul style="list-style-type: none">▪ List any additional documents you have included in support of your application, ensuring that they are correctly annotated and included with your submission.

Appendix 6: Composition of Steering Groups

Steering Group – Stage 1

Head of Property

Head of Legal Services

Head of Business Improvement

Head of (relevant Service)

Cabinet Member for Homes and Places

Head of Community Regeneration

Head of People Services (where TUPE may apply)

Steering Group – Stage 2

Head of Property

Head of Legal Services

Head of Business Improvement

Head of (relevant Service)

Section 151 Officer

Cabinet Member for Homes and Places

Head of Community Regeneration

Head of People Services (where TUPE may apply)

GAVO