# COMMUNITY ASSETS TRANSFER AND USE POLICY
Briefing Report

PLYMOUTH CITY COUNCIL

## Introduction & Background

The Council owns a substantial portfolio of land and property that is used in various ways for community benefit. Many of those assets are small scale and used exclusively by one organisation and currently the legal basis for that use and the Council's processes for support are variable. Some users pay less than the market value of the asset and some have formal agreements for delivery of benefits to the community.

The existing Community Asset Transfer Policy dating from 2013 has been effective over the years helping community organisations such as Flameworks, Karst and the Four Greens Community Trust establish themselves. However, there is now a need to readdress the subsidy of tenancies and the burden of maintenance cost with Council assets, especially those which are vacant, surplus or suitable for long-term transfer or meanwhile uses.

Those community-focused organisations who express an interest in an asset would benefit from having an open and transparent process that helps them to understand and manage risks and that spells out the expectations of them.

Similarly, Council Members and Officers who work with those tenants would benefit from understanding the expectations of them, and of the tenants. The knowledge, skills and experience that are required to manage these arrangements are spread across several teams and transparency also helps to manage risks.

The key anticipated outcome of this report is to meet the following requirements

- Take a proactive approach to working with the tenants/ asset users to ensure they understand the process of Community Asset transfer and rent subsidy as a means of enabling their sustainability and growth and of furthering their community impact
- Ensure that any rent subsidies that are agreed with tenants, are transparent and consistent with Council policy and reduced over time
- Comply with legislation and State Aid rules and knowledge of the Localism Act 2011that makes provision for a register of community assets, and the 'right to bid' for community organisations when assets of community value come up for sale or lease
- Manage subsidised tenancies with a view to optimising impact of the tenant's activities (proportionate to the subsidy) and managing the financial obligations of the Council
- Ensure that subsidised tenants have a positive social, environmental and economic impact that benefits the people of Plymouth
- Review the Council's Community Asset Transfer policy and update to reflect best practice and achieve the above aims

## Context

There are over 80 Council assets that are currently used by Community Organisations
- Every Ward has at least one community asset
- There are 5 Community Economic Development Trusts
- There are 6 Arts and Culture organisations
- There are 57 Sports organisations (Associated with Green Estate)

Collectively all of the above bring in rental income of £630,000 per annum. The rent subsidy is worth £485,541 per annum. Six associated Grants and Service Level Agreements cost £796,954.

- 35 assets are maintained by the Council
- The longest leases are 125 years
- The oldest community organisation tenants are Wolseley Trust (23 Years) and the Millfields Trust (21 years)

**Identifying assets**

The following themes and characteristics can be identified

- Corporate Estate, Commercial Estate, Public Realm

Examples include rationalisation of youth clubs and community centres, wellbeing hubs, sports and green infrastructure, and arts & culture organisations

- Short /meanwhile leases – usually up to 6 months

For example temporary occupation of empty town centre retail premises by non-commercial occupiers, who will be able to contribute to town centre vitality but who would otherwise be unable to afford normal commercial rents

- Medium term leases – up to 7 years
- Long term

Long leases can be used to raise capital by the community organisation – the longer the better

**Allocating assets and required outcomes**

When choosing the best organisation as a tenant factors to be considered are:

- There are no substantive barriers to prevent councils transferring assets into community management or full ownership.
- The Local Government Act 1972 Section 123 specifies that a council must dispose of land for the best consideration reasonably obtainable but the Localism Act 2000 allows disposals at less than best consideration for social, economic or environmental reasons up to an undervalue of £2m which would mean that land can be let to community organisations at below market value where it is clear that it is for the good of the community. Any undervalue in excess of £2m requires the consent of the Secretary of State.

- Other assets that could be transferred included redundant police stations, old hospital sites, empty shopping parades and closed down pubs on estates.

In considering a community interest in an asset from a community organisation, it would be expected that its strategic goals and vision would align with the Council's corporate priorities.

The overarching outcomes in return for any subsidy could be :-

- Providing better, more integrated local services around economic development, public health, social care, youth work in places which are more convenient for users
- Opportunities for reuse for housing and new enterprise, boosting local jobs, growth and support the Plan for Homes
- Opportunities for revenue or capital income (Private sector / Public sector) Delivering significant savings for the tax payer and bringing in rates from reoccupying vacant buildings
- Community engagement facilitated by PCC e.g. encouraging engagement of community organisations and their service users

**Process**

The purpose of keeping a Register of Expression of Interest and Register of Assets is to demonstrate how the Council classifies its assets of community value which may be both large and small.

A fair and transparent process needs to be put in place that supercedes the current arrangements to reinforce the relationship between the Council and tenant organisation so that growth is delivered in the spirit of partnership working between the community groups/ organisations and social enterprises and account manager for the particular asset.

Stage 1

- Selection of a generic or particular type of property or identify a property for inclusion on the Council Asset Register

The process must be fair and transparent to all. The Council will keep two registers – one of its assets and the other of Expressions of Interest from community organisations who are looking for land or property to use for the benefit of the community.

The process is concerned with:-

- Information about Assets
- Registering interest in using a Council asset
- Decision making
- Avoiding challenge
- Agreeing rent, maintenance and community benefit
- Monitoring

Stage 2

- Expression of Interest

This should provide details of the applicant organisation, the asset which it is interested in and project scope for an outline business case clearly referencing the benefits to the community that any proposed activity would bring.

Stage 3

- Business Case

This is proportionate to the subsidy. The HM Treasury green Book provides a model guide to developing the project business case and the following case headings should be used to structure the business case:-

Strategic / Economic / Commercial / Financial / Management

Stage 3

- Lease and Service Level Agreement

Once the length of lease term and terms of the lease have been negotiated and agreed, a linked Service Level Agreement (SLA) (proportionate to the subsidy) would be attached which defines the relationship between the community organisation and the Council and explains clearly the services and performance targets expected in return for a subsidy on a year by year basis. A monitoring reporting template would form an integral element of the SLA enabling the account manager to measure Key Performance Indicators and outcomes against the Council's corporate priorities.

**Risk and Challenges**

There are barriers that face both local authorities and community organisations in transferring control of Council assets to community organisations and a good source of material was evidenced from the Cooperative Council Innovation Network Policy Lab report 'Beyond Asset Transfer' summarised as follows :-

<u>Local Authority</u>

- Limited resources and quick staff turnover in Council
- Perceived motivation of saving money rather than focus on community benefit
- The documents required and information on what to do and when
- Timescales – lengthy and complicated lease negotiations
- Making sure buildings are safe, secure and a fit state to transfer
- Limited successful transfer to learn from at the time

<u>Community Organisation</u>

- Challenge of taking on management and maintenance of a building
- Preparation of a business plan and income generation
- Volunteers have day jobs
- Reluctance to accept greater risk / responsibility
- Access to legal advice and cost of legal fees to groups

**Best Practice**

A successful outcome would be to reinforce the spirit of partnership working with voluntary, community organisations and social enterprises, supported by the Council to deliver growth. It is fundamental that both Local Authorities and tenant organisations understand the policy around Community Use of Council Assets and follow the whole process and responsibilities of each party.

It is recognised that a pre-requisite of tenancy success is an ongoing two –way relationship between the Council and the tenants. For each asset there should be an allocated account officer who can draw on a range of technical support and advice to inform the tenant organisation. As a business relationship there should be a commitment to an ongoing dialogue, which will last far beyond the lease signing event itself.

With a proper monitoring system in place that responds to a range of different sectors, not only will it be possible to justify the level of subsidy to tenants, but it will also help provide a pipeline of prospective tenants wanting to engage with the Community Asset Transfer process as well refresh the policy to make the process more open and accountable from an early stage and to manage expectations on both sides.

This will provide an effective mechanism to review continuation of leases coming to an end as well as address vacant assets which are a financial cost burden to the Council.