

Community Asset Transfer Guide

What is a Community Asset Transfer?

A Community Asset Transfer (CAT) is the successful change of ownership of a public sector property asset (usually buildings or land) in return for specific community benefits. Somerset County Council (SCC) has a policy document (see **Policy for Community Asset Transfers** <http://www.somerset.gov.uk/information-and-statistics/financial-information/council-buildings/>) which sets out how it goes about transferring its property assets into the ownership of community groups and voluntary sector organisations. The policy sets out the circumstances and criteria for a successful transfer and outlines the process.

SCC can dispose of surplus property in a number of different ways (see **Asset Disposals Options**). A CAT can only be used in specific circumstances where the free (or minimal cost) transfer of a public asset is balanced with the promise of sustainable, essential public services as a result. A CAT demands a high level of commitment from both parties; alternative disposal methods will be used where they would achieve similar mutual benefits more readily and efficiently.

CAT Features

Some key features of a CAT:

- The process can be initiated by either the SCC or by the voluntary, community or social enterprise (VCSE) group.
- The asset does not have to be currently vacant or listed for disposal (see Property Asset List <http://www.somerset.gov.uk/information-and-statistics/financial-information/council-buildings/>)
- The County Council will not agree to a CAT on assets it needs to keep or to sell (see Policy on the Appraisal of Land or Property for Retention or Disposal <http://www.somerset.gov.uk/information-and-statistics/financial-information/council-buildings/>)
- The process is voluntary for both parties, who undertake to meet their own costs.
- It is used to ensure that a valued public asset is protected to deliver vital community services into the future.
- The transfer price of the asset will normally be at low or no cost to the voluntary, community or social enterprise group.
- The successful organisation will usually directly bear all the running costs for the asset after the transfer takes place.
- The successful transfer represents the best available use for the property asset (not just the first acceptable proposed use).
- The successful organisation will have provided a fully costed “realistic” business plan including giving evidence of the demand (current and future predicted) for those services.

- The successful organisation will have demonstrated that it has the skills available to deliver the promised services to an acceptable agreed standard.
- The successful organisation will have shown how it will maintain the property asset in good condition.
- The value of the asset will be “locked” against measurable targets to protect the “public purse”.

What property assets can be considered for a CAT?

- ✓ **Potentially**, all County Council buildings and land (see **Property Asset List** <http://www.somerset.gov.uk/information-and-statistics/financial-information/council-buildings/>).
- ✓ **Realistically**, only surplus assets which cannot be re-used by SCC and where the loss of sale proceeds can be traded against additional, essential community benefits.
- ✓ Assets which occupy a unique or important location or are adapted to a specific purpose.
- ✓ Assets which have a value which makes the successful transfer to the appropriate group for the right purpose, important.

Why transfer assets to the Community?

- Local authorities have a duty to ensure public assets are put to best use.
- Voluntary, community or social enterprise (VCSE) groups can and wish to provide services directly to their own communities but can be restricted by the availability of low cost accommodation in key accessible locations.
- Local authorities can promote self-reliance and community development by transferring surplus assets freely or cheaply to local groups.
- Voluntary, community or social enterprise (VCSE) groups can bridge gaps in provision left by the reduction in local and central government services.
- Under-utilised or vacant assets can prove to be a drain on public sector finance.
- Often, voluntary, community or social enterprise (VCSE) groups can access funding not available to government bodies.
- The loss to SCC of a market value receipt or income from the asset can be offset by the provision of the community service and the transfer to the organisation of the on-going responsibility for running and maintaining the asset.

CAT Process

All asset disposals which might warrant a reduction in the transfer price to reflect community benefit should start with the completion of an “Initial Expression of Interest” form by the applicant (see **Disposal Flowchart below** and **Expression of Interest in an SCC Asset** <http://www.somerset.gov.uk/information-and-statistics/financial-information/council-buildings/>).

SCC officers consider the initial information provided, specifically assessing the nature of the applicants, activities and asset. An appropriate response to the proposal is recommended to an internal group of senior officers and County Councillors. If the proposal warrants consideration of a CAT, further information is sought to validate all key aspects in the Initial Expression of Interest form and to establish the financial viability of the proposal. A **final decision** is then made on whether a CAT can proceed and the precise terms of the transfer to be offered.

The process from beginning to end may take in the region of six months. It may be necessary to temporarily suspend the process to ensure that all of the suitable proposals for the property asset are considered at the same time - to avoid making a decision on a "first come, first served" basis.

The CAT process can be time-consuming and potentially with significant expense (e.g. legal, accountancy and building surveying costs). This thoroughness is essential to ensure that SCC selects the right applicant and activities and only makes the transfer with confidence in the likely success of the proposal.

For more information please contact:

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