

Appendix A

London Borough of Merton

Review of the Community Asset Transfer Policy¹

1. Introduction

- 1.1 The Localism Bill introduced in December 2010 sets as new agenda for the decentralisation of power and the empowerment of communities to deliver local services. Merton Council has long embraced a local approach to service delivery by giving local people more say on how services are delivered through vehicles such as the local strategic Partnership and partnership working.
- 1.2 The Quick Review “Making Assets Work” of May 2007 talks about giving local people a bigger stake in the future of their area through the ownership of community assets. The department of communities and Local Government, in its response to the recommendations in the review, supports the needs to ‘monitor effectiveness of mechanisms in persuading local authorities to consider transferring management or ownership of assets to communities’.
- 1.3 Merton Council is responding to this by considering options for the transfer of assets through leases and operational management to the communities they serve. This can range from small parks groups to established voluntary sector organisations. Community ‘benefit’ is seen as varied, with a range of activity from local meeting places, such as community centres, to social enterprise businesses offering new employment or training opportunities.
- 1.4 School disposals are covered by a legislative framework. Any disposal of playing fields would first need approval under section 77 of schools Standards and Framework Act 1998. Therefore, school buildings and landholding will not be considered under this policy.
- 1.5 This Community Asset Transfer Policy identifies when the council could consider the transfer of assets, and how local communities could register an interest in taking over a council owned property. This option would need to be assessed against the sale, or alternative disposal opportunities, in each case, and should be closely linked to delivery of strategic Business Plan objectives.

2. Strategic Context

- 2.1 The Council’s key objectives are:
 - Sustainable Communities
 - Safer and Stronger Communities

¹ This policy forms part of LBM’s Asset Management Plan 2011-2015; Corporate Governance & Policy Framework.

- Healthier Communities
- Older People
- Children and Young People
- Corporate Capacity
- One Public Estate (OPE)
- The Voluntary Sector and Volunteering Strategy.

2.2 The strategic for of any asset transfer proposal would need to achieve one or more of these goals.

3. Rationalisation of Assets

3.1 The Council is continuously reviewing its assets as part of an ongoing rationalisation programme. This is being considered in association with the One Public Estate review.

3.2 As part of this process, the council, through the Property Management and Review Team (PM&R), has identified buildings and land holdings with short term value for the delivery of its services. When any building or land holding becomes 'surplus' and available for potential disposal, this is demand form the voluntary sector for this to be considered for the community Asset Transfer. Once on the disposal list, communities, voluntary and other agency sectors could apply to the council for transfer of assets for alternative community uses. This would be considered alongside the need to capitalise receipts of any assets to deliver the council's prioritised Capital Programme and other finical priorities. The proposed criteria for transfer of an asset at below the market value would need to be measured against the likely other uses if sold on the open market. Consideration would also be given to the potential for voluntary organisations to lever into the borough capital funds to improve the buildings' facilities and value as well revenue to deliver services in line with the Council's strategic objectives.

3.3 Currently, assets or land holding used by the community have never been transferred on a freehold basis, as it is considered more appropriate that any transfer for the community use should be via the granting of a lease in accordance with existing Council policy. This is intended to protect the future of these assets, and ensure that the council can manage the way in which assets are used to deliver appropriate services to the community and the sustainability and safety of the facilities during the lifetime of the lease, this maintaining the benefit for which the transfer was made. In addition to minimise risk to the Council and users of the buildings responsibility for health and safety items as legionella has been retained by the Council.

4.0 Key Policy Criteria

4.1 There are two key factors to be considered within the policy Criteria:

- Benefits the local community by transferring the asset

- Ability of the voluntary or community organisation to sustain the use of the asset over the leased period.

4.2 Therefore, the Community Asset Transfer Policy requires all proposals to meet the following before being considered against alternative disposal options. The stage 1 outline application and proposal will be assessed against the following criteria:

- The Proposed use of an asset reflects the outcomes and objectives identified in the Community Plan, Business Plan and other appropriate plans and strategies.
- The proposed use of the asset is genuinely for the benefit of the community, and would offer real opportunities for successful and independent, community or third sector organisations to become more sustainable in the long term.
- The asset or services delivered from it would be made fully available for use by a range of local people or groups, especially those working with, or in, disadvantaged communities in accordance with the Equalities Agenda and relevant legislation, and should be compliant with the Disability Discrimination Act (DDA).
- The use of the asset is environmentally sustainable. Any future refurbishment plans should consider energy efficiency as a priority, and use good quality, environmentally sustainable, materials and construction practices.
- That the third sector organisation would have greater independence, and would be better able to meet the needs of the communities it serves.
- That users would enable communities to have more access to facilities and/or opportunities that respond to their local needs.

4.3 If initial approval is given, then the application moves forward to stage 2. At this stage, the council would need to analyse the risks carefully to ensure that proposed organisations and future community management of the assets are appropriate, and sustainable, in the long term.

4.4 As it is likely that many of the community and voluntary groups applying to the council for the transfer of assets would have limited financial history, or facilities management experience, it is important that a robust business case is put forward in support of any proposal/organisation. The policy therefore sets out the following requirements that need to be demonstrated as part of the business case at Stage 2 by organisations for them to be considered 'fit for purpose' the lease council assets:

- Financial viability of the transfer – the organisation would need to show at least a five year cash flow and budget forecast that demonstrated that the project is sustainable, and that the asset would be maintained adequately.
- Experience of, and/or commitment to, partnership working – demonstrating that the asset would be put to a variety of uses to benefit the community.
- The organisation and key individuals, managing the asset and associated project, have appropriate skills, knowledge and expertise to sustain the project in the long term.
- Clearly defined structures, roles and responsibilities within the organisation appropriate to deliver the project, whether voluntary and/or paid. It is required that an appropriate council representative will be consulted by the nominated building manager for the organisation on any issues related to the asset.
- Clarity of decision making processes – adequate constitution, governance arrangements and management controls, are in place.
- Clarity of aims and objectives, and that these meet the key Community Plan objectives.
- All legislation and regulatory controls are in place – meeting equality standards, child protection, health and safety and licensing requirements.
- The project has the support of the local community – can demonstrate local need, community support through consultation, and that the project is not aligned only with a single interest group. Organisations serving communities from the designated protected characteristics are eligible to apply.
- Monitoring and evaluation processes are in place to demonstrate the successful delivery of objectives and targets over the life of the project.
- The project has a body or individuals able and or willing to take the transfer.

5.0 Process for Assessing Proposals

- 5.1 Assets that become surplus to requirements are addressed by the Council in accordance with the Code of Practice for Disposal of Property. This requires that consideration be given to opportunities for Community Asset Transfer before final disposal.
- 5.2 The assessment of proposals that then come forward from the community and voluntary groups would include two stages:

Stage One:

5.3 Where an asset has been identified as surplus, a period appropriate to the individual circumstance would be available in which community and voluntary groups could apply for transfer of that asset for community use. For an asset already in community use, an application can be made at any time.

5.4 The first stage of the application is intended to enable the Asset Management Project Team to consider the principle of asset transfer. For the stage the organisation would have to demonstrate the following criteria:

Criteria
Strategic fit against the priorities in the Community Plan and other applicable plan strategies.
Support from the local community in the neighbourhood for the proposals – must include support of 50 local people and organisations and have consulted the specific community partnership. These people do not have to be active members of the group but need to support the proposal.
Who and how local people will benefit from the proposals.
Previous experience of the group or evidence of supporting organisations.
Proposals are focused on needs of the community – demonstrating there is a gap in provision e.g. providing job opportunities in deprived areas or aimed at key target groups currently marginalised from the community.
Implications for the asset or building in the long term – alternative use options.

5.5 The Asset Management Project Team would either recommend approval for the proposals to be taken forward to the second stage or advise the asset (if surplus) to be put forward for alternative disposal. The organisation involved would be advised in writing of the recommendation, giving reasons if this is for refusal. They would be advised of their right of appeal which could only be considered against the above criteria. The criteria would be applied if more than one organisation put in proposals for the same property.

5.6 Any appeal will be considered by the Property Asset Management Board.

Stage Two:

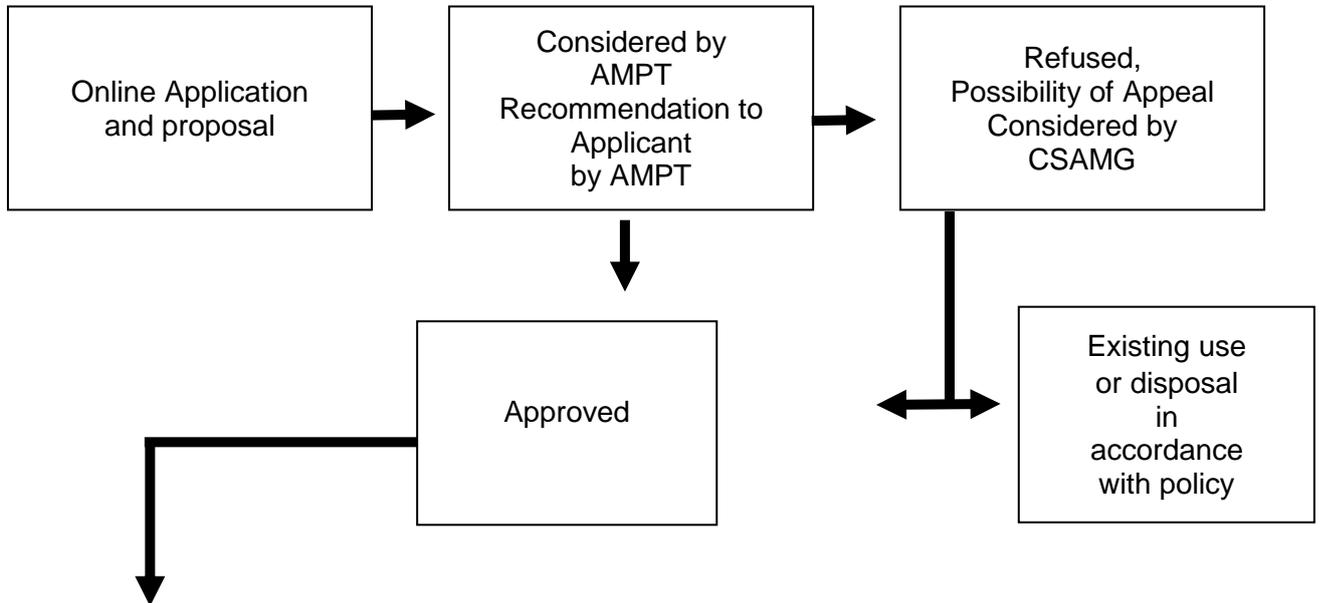
5.7 Once stage 1 is approved, organisations would be invited to progress to the second stage where a full business case and delivery plan would need to be presented for the project/proposal. The submission would be assessed under the following criteria:

Documentary Evidence Required	Criteria
Business Plan and Governance Documentation	Outcomes, aims, objectives and targets the proposal would deliver, including how these would be monitored and assessed over the life of the project.
	What type of organisation will be running the project. The capacity of the organisation to deliver the project including: Decision making structures

	<p>Management and staff structures, showing where these are paid or voluntary, whether these are experienced and/or what training plans are in place.</p> <p>The organisation would be required as part of this to identify a nominated and named building manager for the asset.</p>
	<p>Identifying whether the project would create new jobs, housing or learning opportunities, and how these linked to the Community Plan and other relevant strategies.</p>
	<p>An indicative 5 year capital and revenue budget plan including all anticipated grant funding, identifying whether this had already been secured and any other income expected, sources etc.</p>
	<p>Relationships with any other partners on the project.</p>
	<p>Legislation and regulation considered within the project and how this would be addressed e.g.</p> <p>Health and Safety regulations Child Protection Policy Equality regulations Licensing.</p>
	<p>How the project would address:</p> <p>Inequalities Crime Prevention Environmental issues.</p>
	<p>The catchment area for the project.</p>
	<p>Length of lease required to deliver the project.</p>
	<p>Any development proposals relating to the buildings or land.</p>
	<p>Indicative timescales on how the project would be delivered from start up to fully operational.</p>
	<p>Description of any proposed development.</p> <p>Detailed breakdown of timings/costs for any proposed building works or refurbishment proposals, and how this would be funded.</p>

- 5.8 Second stage proposals will again be considered initially by the Asset Management Project team and recommendations made to CSAMG. Any appeal at this stage would be referred for consideration to CMT. Once a proposal has been successful at the second stage, a lease of an appropriate length for the proposed use would be granted through the Estates Management and Review Team and Legal Services. This would include provision for an annual review of the asset transferred to ensure compliance with this and other policies and regulatory requirements.
- 5.9 A summary of the proposed decision making process for both stages is detailed in the chart below:

Stage 1



Stage 2

