

SUBJECT: Asset Transfer Policy Review

LEAD CONTACT: Khadiru Mahdi (khadiru@mvsc.co.uk; 020 8685 1771)

POSITION: Chief Executive

ORGANISATION: Merton Voluntary Service Council (MVSC)

RECOMMENDATIONS:

1. That the council maps its multi-occupied or multi-use community properties with a view to assessing their suitability as community hubs which could be managed by the community or voluntary sector (para.2.6).
2. That premises currently occupied by voluntary organisations are considered for a designation as community assets, where appropriate (par. 2.6).
3. That Compact Board members consider and agree the policy and that the Council be asked to approve their comments.

1. EXECUTIVE SUMMARY AND PURPOSE OF REPORT

- 1.1 The Council's Asset Management Plan 2011-2015 is due for renewal. The Asset Transfer Policy sits within this plan. The amendments to the policy will need to be agreed by the Property Asset Management Board (successor to CSAMG – Capital Strategy Asset Management Group) once they are agreed by the Compact Board.
- 1.2 "Community Asset Transfer (CAT) is the transfer of management and/or ownership of public land and buildings from its owner (usually a local authority) to a community organisation (such as a Development Trust, a Community Interest Company or a social enterprise) for less than market value – to achieve a local social, economic or environmental benefit."¹
- 1.3 The Compact Board recognises that the Council is under intense budgetary pressure and would favour options that improve their revenue and/or capital position. The Asset Transfer Policy provides a framework for the council to consider wider and long term strategic objectives.

2. DETAILS

- 2.1 The One Public Estate Programme is an initiative funded by the Cabinet Office, Government Property Unit (GPU) and delivered in partnership with the Local Government Association (LGA). The programme is designed to facilitate

¹ Locality; People & Places, the future of community asset management, Nov. 2016.

and enable local authority partnerships to work successfully with central government and local agencies on public property and land issues through sharing and collaboration. It has four main objectives:

1. Create economic growth - to enable released land and property to be used to stimulate economic growth and regeneration, e.g. new housing and jobs
2. Deliver more integrated and customer focused services to encourage publically funded services to co-locate, to demonstrate service efficiencies, and to work towards a more customer-focused service delivery
3. Generate capital receipts - to release land and property to generate capital receipts
4. Reduce running costs - to reduce the running costs of central and local government assets.

2.1 The Voluntary Sector and Volunteering Strategy recognises the impact of recent years of economic austerity on the Local Authority, other public sector bodies and the voluntary and community sector. The state of the voluntary sector review 2016 reported that 69% of organisations have premises issues. This policy is being reviewed within the framework of the new realities of the ongoing challenging funding environment but also opportunities for the voluntary and community sector to change, adapt and foster community resilience. To do this, the voluntary and community sector will need to mobilise and maximise its community resources and civic capital– skills within local communities, volunteers and physical community assets.

2.3 A report commissioned by Power to Change published in November 2016, *A common interest: The role of asset transfer in developing the community business market* provided the following key insights:

- There are rarely designated staff dealing with community asset transfer in local authorities. Often responsibility is shared, reflecting the fact that for many authorities community asset transfer (CAT) is not a leading priority.
- Approaches to CAT vary significantly between local authorities. However, most authorities stated a preference for transfer of leasehold over freehold in CAT policies, and this is reflected in practices over the last five years.
- Many authorities recognise the potential of CAT to achieve their objectives, such as reducing the cost of service provision (85%), protecting a service that would otherwise be lost (81%) or improving service user engagement (81%).
- The need to generate capital sales receipts is still a leading barrier to asset transfer (88%) suggesting a conflict between asset management strategies which yield revenues immediately, and asset management strategies which yield social value over time.

The report concluded that:

“To fully achieve the full potential of community asset ownership, the process cannot be driven by motivations to make savings in the short term. Officer time is needed to ensure that the process of finding suitable community groups is run well, to help develop capacity in those groups, to help communicate the value of the project to various departmental silos, and potentially, to help find appropriate governors for the businesses. Further,

financial investment may be necessary to help get groups going, particularly with the transfer of liabilities. In the long term, this approach will pay off by creating more self-sufficient, resilient communities.

- 2.4 In its 'People & Places report, Locality highlighted different legal options for CAT stating that most tend to be long-term leasehold arrangements (25+ years at a 'peppercorn' rent) to enable external funding to be secured, although a shorter term might be more appropriate as a stepping stone to a more substantial agreement in the future:
- Multiple Asset Transfer (MAT) refers to initiatives with more than one asset being transferred from a local authority to the community. This will either be:
 - Place-based – transferring of a mixed portfolio of assets in a particular local authority or smaller geographic area to underpin new/expanding community enterprises
 - Service-led – exploring transfer options related to specific types of service – for example, libraries - this element has strong links to service redesign
 - Asset type – identifying multiple transfer options for specific types of asset, for example community centres or sports facilities.
 - Community Ownership and Management of Assets (COMA) - In 2015/16 Locality delivered this programme on behalf of the Department for Communities & Local Government (DCLG). This supported 52 partnerships between local public bodies (predominantly local authorities) and community groups (including parish councils) to develop multiple asset transfer or single, more complex and ground-breaking, asset projects.
 - The Community Right to Bid allows communities and parish councils to nominate buildings or land for listing by the local authority as an asset of community value. If the assets are listed and comes up for sale, the community can 'pause' the sale and take up to six months to find the funding required to buy the asset. It should be noted that the landowner is under no obligation to accept the offer.
- 2.5 The Big Lottery's 'People in the lead' approach to funding puts a strong emphasis on communities and neighbourhoods leading change locally. The Government Office for the Civil Society and Innovation and other funders such as Power to Change, the City Bridge Trust and Trust for London are also providing social investments bonds, grants and loans to stimulate local community enterprises, including the management of community assets.
- 2.6 Community centres and properties such as the Vestry Hall, the Wandle Resource Centre and the Generator already act as 'hubs' for community and enterprise activities. The Generator is managed the Merton Chamber of Commerce and the Wandle Centre by Grenfell Housing & Training (now merged with Evolve). The Programme Board for the proposed Wilson Health and Wellbeing Centre is considering a 'wellbeing hub' managed by the

community and delivering community services complementary to the health provision on the site.

It is **recommended** that the council maps its multi-occupied or multi-use community properties with a view to assessing their suitability as community hubs which could be managed by the community or voluntary sector.

It is also **recommended** that premises currently occupied by voluntary organisations are considered for a designation as community assets, where appropriate.

- 2.7 With Clarion Housing now in the borough, there is a significant opportunity for the Council to benefit from their very proactive and successful asset transfer policy and implementation. Their Head of Neighbourhood Investment is keen to work collaboratively with the Council. They have a track record of providing financial and capacity building support to the voluntary sector to help with asset transfer initiatives.

3. CONSULTATION UNDERTAKEN

- 3.1 A meeting with Clarion Housing about their plans, working relationships, community development and potential investment in Merton on 28 June 2017. They were positive about asset transfer which they currently do nationally, including close working relationship with Locality.

4. APPENDICES

- 4.1 Appendix A: Draft revised Review of the Community Asset Transfer Policy.

5. BACKGROUND PAPERS

- 5.1 As referenced.

6. OFFICER CONTACTS

- 6.1 Howard Joy, Property Management & Review Officer,
howard.joy@merton.gov.uk; 020 8545 3083