

How to: Arrange a Capital Asset Transfer

Background

West Sussex County Council wishes to work with key partners in every community to enable best use of consultation on all its projects.

The County Council supports the principle of the transfer of community assets in order to empower and strengthen local communities. The Council believes that transferring appropriate public assets to communities leads to more responsive services that better meet local people's priorities.

Transfer of an asset can also provide the opportunity to channel more resources into a community and provide a more accessible and responsive base from which to deliver local services.

A community group or organisation can benefit from greater financial stability and build confidence through having long-term security through a lease of a physical asset. This financial sustainability can help the organisation become less dependent on grants, provide security for further borrowing and opportunities for further growth.

Typically, organisations that would be considered appropriate are Voluntary and Community Groups/Associations, Trusts or Charities, or Social Enterprise Groups.

The County Council would like to encourage any community group to come forward with proposals to take a legal interest and manage a key asset in their locality on behalf of the community.

It is emphasised that any project must enable and be able to secure the widest possible local community support and input, and the County Council will expect to receive a detailed business case to support any application. Applications from a single service in a single building are less likely to be successful.

1. Community Transfer – Is it for us?

First things first, decide what you want the asset for and how will this benefit the wider local community. Do you have the backing of the local Community, including letters of support?

2. Legal issues.

Once you have established what type of activity it is you want to run, consider the legal aspects. How you will address any legal, planning, insurance and Health and Safety matters associated with the asset?

What legal status might you adopt? (Social enterprise, charity, community partnership etc.)

A full repairing and insuring lease would be granted to successful parties. Are you fully aware of the types of obligations that such might impose?

The land may be subject to covenants or other legal constraints. Are you aware of any in connection with the asset you are interested in? If so, any known covenants may have implications on the use permitted at the site or property.

Does the proposed use for the asset require planning consent for change of use? Is this a risk?

Have you considered insurance cover and what likely costs will arise?

Have you assessed what Health and Safety liabilities might arise?

3. Have you considered the financial matters?

How will you fund running costs and general maintenance?

What fixed and variable costs would you anticipate?

Will VAT be an issue for your type of organisation

Can you meet all conversion costs as may be required?

Can you meet all capital maintenance costs (i.e. to replace boilers, roofs etc. if needed) during your lease?

Can you meet all day-to-day running costs?

Will you use the property asset to generate new sources of income? Is there demand?

Will / can any third party assist with the costs of the asset?

Do you have any contingency funds?

4. Future Management of the Property Considerations.

Consideration of this is the backbone of the project. For an Asset Transfer to be 'sustainable' and a long-lasting benefit to the Community, there are a number of questions that will need to be answered.

How will you manage the asset and ensure that it continues to contribute to the wellbeing of the local community in the future?

Can you manage the asset full-time?

Will a management committee be set up? Will users of the asset be involved?

Will someone be employed to manage the asset?

Are there staff implications for any transfer (TUPE or similar)?

Will the asset be hired or used by third parties? How will you manage hirings?

Will the public have full access?

How and what liabilities will you /can you manage?

Is the asset fit for your proposed use?

Is it big enough?

Is it in the right location?

(The Council will not transfer assets that might increase unnecessary car use)

Is it safe for the use proposed?

Does it have utilities? (Water, electricity, drainage, etc.)

5. Community Support and Consultation.

There are a number of reasons why an Asset Transfer could fail, one of those being a lack of support from the local community. It is important to work out which key community partners will need to be involved. Are these fully representative of all community users and partners (health, youth, adults, community action groups etc.)? It is important to know who you will consult about your proposal and how you will address any concerns raised. It is important to understand if the asset would be provided for a public/community purpose only and how consultation will occur with nearby residents.

Other considerations should be, what others are affected by your proposal? Have you consulted the local WSCC Councillor? Have you consulted the local District/Parish/Town Councils? And very importantly, is there community support for a change of use in the building from any current use?

6. Indicative criteria for property / assets that might be made available for a community asset transfer.

Not all of the criteria will be relevant in every circumstance but there is an expectation that most, if not all, apply to the particular property asset being referenced. WSCC may wish to review criteria in response to particular circumstances.

The list provides a general guide to organisations only on the types of considerations that will guide WSCC decision-making at the first enquiry.

Assets that are more likely to be made available for transfer to the Community include;

- A Property currently occupied short or long-term by a Community user and providing a level of service to West Sussex County Council already.
- A Property owned freehold by the County Council or held under a head-leasehold interest by the County Council (over 50 years).
- A Property which has the capability to provide a means for local citizens and groups to access additional resources over and above the current provision in the building and thus a hub of activity greater than the current locality provision.
- A Property that presents an opportunity to deliver specific Council and /or partner priorities (with priority given to WSCC objectives as outlined in the Future West Sussex Plan – see <https://www.westsussex.gov.uk/campaigns/future-west-sussex-plan/>).
- A Property which increases access to local services (and is more likely to be used over and above another private or public facility).
- A Property where a transfer of a legal interest represents the best use of the asset, particularly in the medium to long-term.
- A Property which creates opportunity for efficiency savings for the taxpayer.

Assets that are unlikely to be selected include;

- Land and recreation grounds already leased to local stakeholders at low rents.
- Property subject to existing statutory protection (schools, allotments, ancient monuments).
- Land only accommodating temporary or similar structures (i.e. one-off scout huts).
- Land that is leased or capable of leasing to single user groups with no wider community benefit.
- Land and buildings that have been declared surplus to requirement where the likely outcome is a disposal.

Additional information

- Where the County Council might consider a transfer, it still remains a requirement to secure best value.
- Interested groups/parties are expected to have considered existing provision and/or alternate premises.
- WSCC would expect parties/groups to use their own property resources before making application for, or expecting, a transfer of a WSCC owned property.
- Where a stakeholder has existing property assets, WSCC may wish to consider land swaps or similar in exchange, particularly where this enhances opportunities for wider community benefit.

7. Funding opportunities

There is a grants and funding section on the County Council website to help you find funding. In particular we recommend that you use the online search function called West Sussex 4 Funding. This allows you access to a comprehensive database of funding opportunities and you can tailor your search for particular purposes. Click here to reach the West Sussex 4 Funding pages: <https://www.westsussex.gov.uk/leisure-recreation-and-community/grants-and-funding/search-for-funding-sources-and-advice/>

To find out more, speak to your local Council for Voluntary Service (CVS), or talk to the WSCC Partnerships and Communities Team: communities@westsussex.gov.uk.