



Hull

City Council

Community Asset Transfer (CAT)

The wording in this publication can be made available in other formats such as large print. Please visit our website:

[Hull City Council |](https://sectorconnecthull.org.uk)

<https://sectorconnecthull.org.uk>

1. Introduction

Hull City Council Council (HCC) continues to strengthen its relationship with the community, and the approach to Community Asset Transfer (CAT) is an important mechanism which supports that.

What is Community Asset Transfer (CAT)?

At its simplest level, a CAT is a change in management and / or ownership of land or buildings from public bodies (most commonly local authorities) to communities (community and voluntary sector groups, community enterprises, social enterprises etc.).

CATs can be a catalyst for new Community Anchor Organisations of the future. Anchor organisations in this instance are locally rooted organisations, that may spend their money, employ people, and use their land, property, and financial assets to make a difference to the economic and social wellbeing of a local area.

The spectrum of transfer options can vary widely, but communities typically take over

the legal responsibility and management of a community asset In the Hull City Council (HCC) area, that can be on a long lease, shorter lease, or a licence to occupy basis. Typically, at a peppercorn rental, whereby the Council forgoes rental income in lieu of evidenced community benefit.

Any Group interested in taking on an asset would not only take legal responsibility for the building/land but also its ongoing repair, maintenance, and management. In most cases this would form the basis of a long-term lease agreement.

To support you and help you identify if you are 'ready' to take over a community asset, we have produced this Toolkit, which we hope you will find useful.

The Toolkit is intended as a handy guide to help you understand what is involved in taking over and running a community asset. It provides information, resources and references to organisations which support communities to be strong and successful.

The document is made up of two sections.

Section 1 provides information, guidance, and tips to help you build up a picture of the process of applying to take on a community asset, from the initial discussion/ expression of interest stage to the main business case application stage.

Section 2 is a Checklist Questionnaire. This is a self-assessment tool aimed at helping you identify the strengths of your organisation in readiness for the CAT.

Appendix A provides examples of cashflows.

Appendix B covers frequently asked questions.

Appendix C and D provide the Expression of Interest and Business Case templates

This toolkit is for your own use and should not be submitted to the Council as part of the CAT application.

If you have any questions or require any assistance with your CAT application, please email the Council's Estates and Business Development Team or Sector Connect, Hull City Council Partnership.

2. Who is this Toolkit for?

It is for people, community organisations and social enterprises that work at a neighbourhood or community level within the Hull City Council area.

For example:

- Individuals or groups of people coming together for the first time for a specific purpose to deliver particular activities from a building, which may also be under threat of closure.
- New or existing community, voluntary organisations and social enterprises looking to acquire premises/land from which to grow and develop their activities within a particular neighbourhood or community area.

3. Jargon Buster

Like any technical subject, the CAT process can include some jargon. Definitions of the key terms are listed below.

Assets – for the purposes of this toolkit we refer to a tenure interest in land or buildings (leasehold)

Asset development – a process by which community organisations pursue an interest in land or buildings for the benefit of their neighbourhood or community.

Asset base – the amount of assets owned by an organisation.

Business plan – written up version of the business case outlining justification for a proposed project on the basis of its expected commercial return to be reinvested in community benefit.

Capacity – the ability of a group or resource to be able to do something.

Community Asset Transfer (CAT) - this is a change in the management and/or ownership arrangements of land or buildings, from a public body, (most commonly a local authority), to a community group, (community and voluntary sector groups, community enterprises, social enterprises, etc.). Terms are usually a long (25+ years) below market value lease, but occasionally freehold sales are undertaken.

Community assets, not liabilities - community assets can help local organisations to develop a thriving and diverse civil society and promote long-term economic resilience in their neighbourhood. However, land and buildings are only assets if their use can generate an income in addition to their on-going running costs.

Community Business - led by local people and accountable to their community, the profit they generate delivers positive local impact.

Community Right to Bid - is land or buildings nominated by a local voluntary or community group and which the Council decides meets the requirements to be listed as an Asset of

Community Value. The Community Right to Bid is not the same as Community Asset Transfer. One of the main differences is that if an Asset of Community Value becomes available for new ownership, interested parties are required to pay the market price for its purchase. The Council's list of Assets of Community Value and the process for nomination can be found here: [LINK](#)

Community Right to Challenge - this is where the council receives an 'expression of interest' about how to run a service. Our Community Right to Challenge offers to work with those interested in submitting a challenge to get to the heart of the issue.

Feasible – whether the project is possible

Feasibility study – identifies the basis on which a community project can achieve success.

Financially viable – in this context, whether a community project can cover its costs in the pursuit of its aims and set enough aside in reserve.

Maintenance - routine work, both reactive and cyclical, necessary to keep the fabric of an asset in appropriate condition.

Objectives – goals, priorities and targets you intend to achieve in a particular timescale.

Power to dispose of assets - public bodies have the necessary powers to dispose of land and buildings that they own. Normally this is for the best price obtainable. However, under the General Disposal Content (England) 2003, local authorities can dispose at less than best price where the transfer furthers local social, economic, or environmental wellbeing.

Stakeholders – all those with an interest in a community project.

Surplus – profit.

Sustainable – a community project that can carry on going in the long term.

Unincorporated organisation - an unregulated group, often with a constitution but not incorporated, Members are personally liable for debts and contractual obligations. Usually not suitable for CAT.

4. *What are the benefits of Community Asset Transfer?*

We have identified a range of benefits that the asset transfer process can have for both the community and the Council.

For the community, it can:

- strengthen community organisations by helping them to develop their asset base.
- devolve decision-making to neighbourhood level and empower the community to take ownership.
- act as a catalyst for community regeneration
- provide new opportunities to develop and improve land and buildings.
- encourage community participation and volunteering.
- build confidence and the capacity people have to further improve their community.

For the Council, it can:

- forge new partnerships with the community.
- deliver on shared outcomes and objectives in key strategies.
- contribute towards efficiency savings - revenue and capital.
- contribute to the Council's aim of supporting stronger and sustainable communities.
- help the drive towards a more efficient use of public assets.
- open doors to new sources of external funding

What is the Council looking for in a Community Asset Transfer proposal?

We will assess proposals to undertake a CAT project on the extent to which the transfer is likely to lead to:

- improvements in local service provision because of active engagement by the local community
- strengthening of the financial viability and sustainability of community organisations
- social, economic, or environmental benefits towards the regeneration of the area, including the development of community enterprise activities.
- improvements in the environmental design of a building, particularly concerning energy management.
- greater co-location of local service providers where appropriate.

5. *CAT opportunities*

There are many different types of potential CAT's to consider and to discuss with the Council regarding their suitability and availability in support of your proposals. These cover a wide range of potential pipeline opportunities which may be actively being marketed for opportunities or that are underutilised and identified by a local Group.

The types of opportunities* include:

- Allotments
- Amenity open space
- Surplus land or property
- Playing fields
- Parks and open spaces
- Community centers
- Play areas.

There may also be CAT opportunities with other public bodies such as Health, Police, Town and parish councils, and Housing Associations. Whilst these opportunities will need to be explored directly with those bodies, the Council may be able to help and signpost you to the relevant contact.

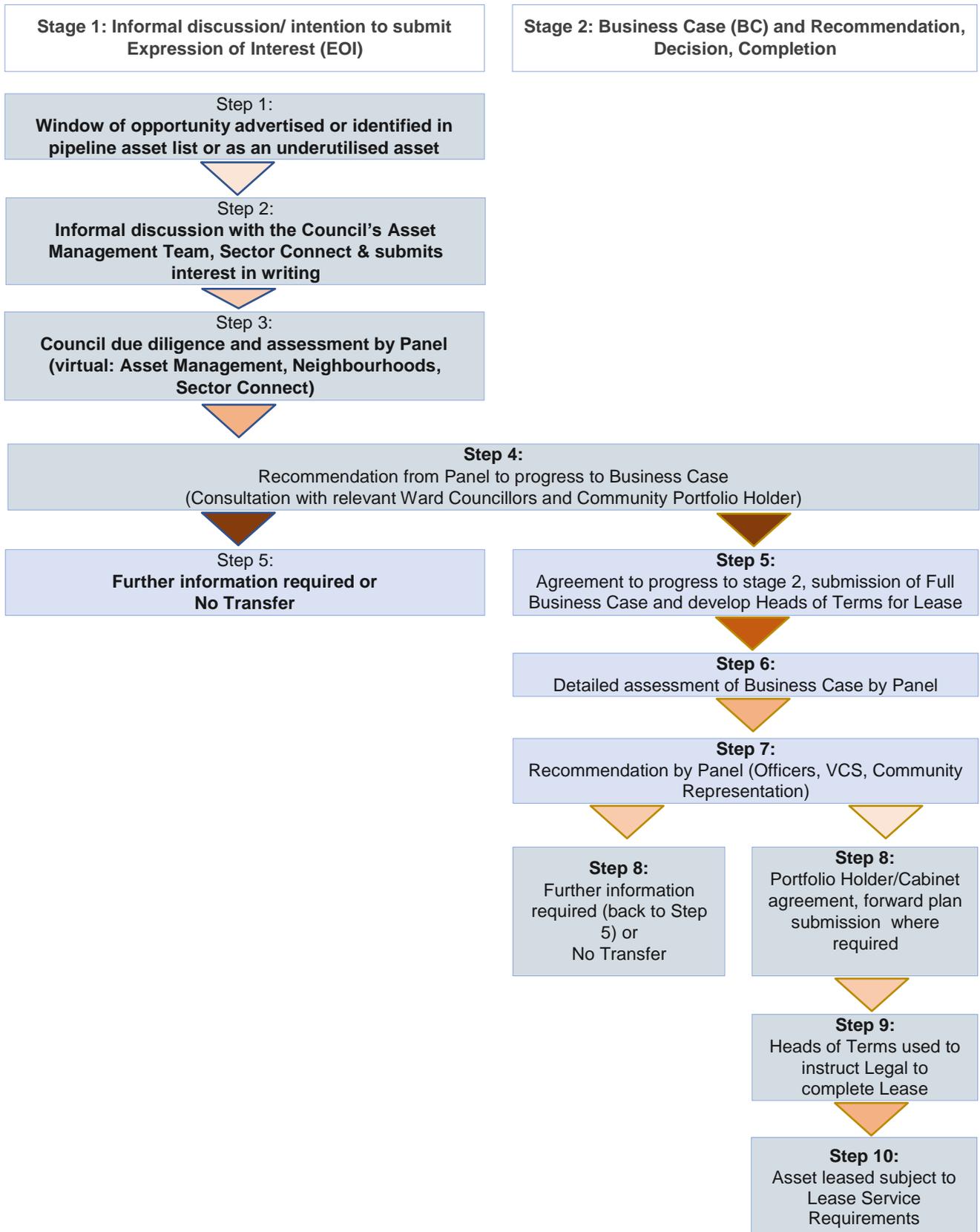
For a list of potential CAT opportunities from the selection of Council assets, information regarding CAT and the Localism Act, please visit our website by following this link:

[ETHICAL STANDARDS \(hullcc.gov.uk\)](http://hullcc.gov.uk)

*Assets listed do not constitute a potential CAT being offered or being successful. The assets listed are current as at the time of publishing and therefore subject to change.

6. HCC Council CAT Process

The following chart provides the stages of the Council's CAT policy. The two (2) stages provide transparency to the applicant and allow both parties to plan and progress any applications. Below is a ten (10) step process to completing a typical CAT in Hull City Council.



Organisations applying for a CAT must understand the process will not happen overnight. The timescales depend on the type of asset and the commitment of the Group in providing the information. The application will need to satisfy two tests.

The first will be demonstrating the reliability, credibility, and viability of the organisation.

The second will be providing details of the social value they can produce for the people living and working in Hull City Council. This will also require organisations to show how they can help to meet the Council's vision/ strategic priorities and aims.

The following information will help the panel to decide if these two tests are satisfied.

Information required at Expression of Interest (Stage 1)

- is the asset eligible for CAT?
- the benefits for the community, for the organisation making the application and how they relate to the Council's Strategic priorities and outcomes.
- governance, structure, and history of the

organisation. A template can be found at the end of this approach.

Information required when submitting a full business case (Stage 2)

A full business plan will need to include (but not limited to):

- evidence of community needs and support.
- details of the skills and knowledge available within your group/ organisation
- details of their experience in delivering services or facilities within the local community.
- cash flow forecasts for the management of the asset
- proof of, or proof of intentions to gain, resources both capital to spend on the asset and revenue to cover the running costs.
- details of how monitoring and evaluation will be carried out.
- evidence of the social value produced that will benefit people living and working in Hull City Council that will access your proposed use.
- confirmation of insurance and maintenance planning relating to an asset.

An existing organisation will also need to provide a copy of their last year's accounts.

A template can be found at the end of this approach.

The basis for assessment by the panel will include:

- does the group/ organisation fully understand the risks involved in taking on this asset?
- do the individuals leading the project possess the skills to deliver based on their experience of similar projects and services?
- how far will the proposed use reach into the community and meet identified needs?
- are proper financial management arrangements in place?
- does the organisation understand the need to comply with any local and national bylaws/ covenants/ legislation and with the terms of the lease, including any restrictive covenants in the lease and any claw back provisions from grant funding?
- can the organisation measure the level of social, economic, environmental benefits (using the Cost Benefit Analysis Model) the proposal will produce?
- does the proposal help to meet the Council's strategic aims?

- confirmation of stakeholder and existing users (if applicable) support and the extent to which necessary external funding is secure, including the ability to repay loans?

Determination

Where there is more than one organisation interested in a particular asset, co-operative working will be encouraged wherever possible. If this is not possible for any reason, all applications will be considered in terms of the proposal and social value they bring to the area and the degree to which they meet the Council's vision, strategic priorities and outcomes as outlined in the outcomes framework and commissioning plan.

In cases where a decision is difficult to make, the organisations will be asked what additional value they can bring and may be asked to present their case to the panel in person.

Appeal process

If an application for community asset transfer is refused, the letter of notification will set out in detail the reasons for refusal.

An organisation who has their application for a community asset transfer refused has the right of appeal within 21 working days of receiving notification of the decision. The appeal should be made in writing to the Director of Legal Services and Partnerships.

The letter of appeal should state the reasons why the applicant disagrees with the refusal and should contain any additional information or evidence available.

The appeal will be heard by another nominated Leadership Sponsor and an Elected Member of Cabinet who have previously was not involved with the application process and the decision notified in writing to the applicant. Their decision is final.

7. *So, are you ready for a Community Asset Transfer?*

Before you start

The motivation that you/your organisation have in first considering taking on a community asset will be important. In an ideal world there will be a strong fit between the potential that can be realised in the use/project/activity/service you have identified for the land/ property and the core purpose of your group or organisation.

Here are some questions you might ask yourself before you start the asset transfer process.

Why is your organisation interested in the asset, what are your plans and what outcomes do you hope to achieve?

Consider the reasons you are interested in the land or building. You will need to explain these to the Council and demonstrate throughout the process how you will achieve your outcomes.

Below are some outcomes you may want to consider:

- Community empowerment and benefits to the local or wider community
- Capacity building through the use of local skills, experience, knowledge, and time
- Retaining and improving local provision
- Delivering local services that meet local needs through community led and community-controlled assets.
- Extending the use of a building or land to do things in a different way, being as creative and innovative as you can.
- Delivering value for money including the ability to draw/attract other sources of funding not available to the Council.
- Social enterprise and social wellbeing, including bringing the community together.
- Financial viability, long-term sustainability and external investment
- Working with existing/new partnerships to deliver the above

Resources

You may be able to access support and information from:

Locality – the national membership network for community organisations that bring local people together to meet local needs. Their mission is to help these community organisations to be strong and successful to build a fair society where every community thrives: <http://locality.org.uk/>

Sector Connect Hull City Council - offer a range of help and advice on issues like funding, governance, safeguarding and volunteering as well as training courses and events. Sector Connect also assists groups locally going through the CAT approach: <https://sectorconnecthull.org.uk>

Architectural Heritage Fund - promote the conservation and sustainable re-use of historic buildings for the benefit of communities across the UK, particularly in economically disadvantaged areas: <http://ahfund.org.uk/>

My Community - the latest tools, tips, and ideas to make your community an even better place to live: <https://mycommunity.org.uk/>

Land Aid - the property industry charity broker provides pro bono advice from their supporters such as project management, saving charity partners time and money: <https://www.landaid.org/our-impact/apply-pro-bono-advice>

Charity Property Help provides free advice to charities and voluntary organisations on all property related issues: [Charity Property Help \(rics.org\)](https://www.charitypropertyhelp.org.uk/)

Has your organisation established clear and agreed objectives about wanting to take the community asset on?

Here are some tips:

- Look at existing community facilities/ service delivery / visit the building/ site / talk to the community.
- Take a look at the potential to build on existing provision in an area and/or develop new community uses, especially those that might address an unmet need or fill a gap in local service provision.
- Go and see other similar projects elsewhere (within the local area and elsewhere). Talk to the managers of services and facilities that offer the same kinds of activities that you have in mind for your community project.
- Identify any local 'competition'. Find out about the activities and facilities they have to offer. Look for opportunities to work together and share resources.
- Agree your objectives, i.e., a clear list of the things that you would like your project to deliver.
- Engage with your 'key stakeholders'. Stakeholders could include local residents, elected members, neighbours, the existing users of the building/land. Where appropriate, talk to them to find out what they want and need. It will strengthen your case if you involve them directly in helping you to develop your project proposals.

Does your organisation have the capacity to take on a community asset?

This is about your organisation having the right governance in place, having the right mix of abilities, skills, knowledge, and experience, together with the time and financial resources necessary to commit to taking over and maintaining a community asset. Most groups who take on assets are incorporated such as a Charitable Incorporated Organisation or Community Interest Company (CIC) to ensure they are fit for purpose, can manage risk and liability and better able to access funding which is not available to the Council.

The following document provides options to consider in developing your group:

<https://mycommunity.org.uk/choosing-the-right-organisational-structure-for-your-group>

The Checklist in Section 2 is also intended to help you with this.

Has your organisation proved that the proposals for your community project are feasible?

Taking over a community building or land is a substantial commitment, and your organisation should therefore be sure that well-intended ideas can stand up to scrutiny.

You may want to undertake a 'Feasibility Study'.

A Feasibility Study is described as 'an analysis and evaluation of a proposed project to determine if it (1) is technically feasible and (2) is feasible within the estimated cost'.

8. *Does your organisation's business plan for your project stack up?*

The work that your organisation does to build its business case will be a key part of the Community Asset Transfer. The Council will require all organisations to have a robust business case and plan in place.

Your case should read like a story, building up a picture of what has and what might be achieved, backed up with hard evidence drawn from market research and community consultation.

Most importantly, your case should be developed with the active involvement of your key stakeholders and should be approved and adopted by your organisation.

Include a plan setting out the objectives you wish to achieve and within a predicted timescale to provide forward planning in the short, medium, and long term.

Your Business Case

Will your proposed community project deliver real benefits to your community?	Your business case should be designed to be: <ul style="list-style-type: none">• Short (normally no more than 5-6 sides of A4, plus appendices)• Focused and to the point.• Easy to read.• Well, presented
The Council have two strategic priorities and five outcomes: Priorities - Stronger Economy and Stronger Communities Outcomes <ul style="list-style-type: none">• Enjoy and benefit from a stronger economy.• Feel safe and are safe.• Enjoy good health and wellbeing.• Live in sustainable communities• Fulfil their potential through skills and learning	Get someone else who is not connected to the project such as Sector Connect to read the case before you submit it. The link below may be useful as it provides you with information and access to business cases/ plans for various areas: www.gov.uk/write-business-plan The business case should be accompanied with a 3-year minimum revenue and capital cashflow appraisal, an example of which you will find in Appendix A.

Careful thought should go into your business case to evidence how your use/ project/ activity/ service will bring about 'community benefit' For example, if one of your planned project activities is to create a new community café, your desired outcome of that activity may be that 'local people have somewhere to go, socialise and eat a good value healthy meal'.

Many projects fall into the trap of viewing the project activity as the end result, whereas it is the outcome of the activity that is the real community benefit, and it is this that needs to be defined and measured. Sector Connect are available to assist groups with their business case and plan and measuring social value or social return on investment (SROI) and where applicable the savings associated from Public Sector services as demonstrated from completion of a Cost Benefit Analysis (CBA).

9. An example of how you can measure your outputs and outcomes and demonstrate social return.

The Council will need any group/organisation to demonstrate that their proposal provides a societal and economic value which will be used to offset the monetary 'rental' value or income potential to the Council over the term of the lease or in some cases the freehold value, which is often referred to as 'less than best'.

This is required to satisfy the 'less than best' report when seeking approval by the Councils Elected Members of Cabinet; fulfilling the Councils obligations to achieve 'best consideration reasonably obtainable' under Section 123, Local Government Act - the General Disposal Consent given to Councils.

An indication of how we would expect a group/organisation to meet the social, economic or environmental benefits of this alternative community benefit should be provided by using the free to use Greater Manchester Combined Authority (GMCA) 'Cost Benefit Analysis' (CBA) model. Formerly the New Economy, they have pioneered the development of a CBA methodology - nationally leading in its approach to articulating the fiscal, economic, and social value of interventions.

Free to use, it can be accessed here: <https://www.greatermanchester-ca.gov.uk/what-we-do/research/research-cost-benefit-analysis/>

Support and guidance are available from Sector Connect or Hull City Council.

Any activity that the organisation provides or hosts as part of their proposal will inform the CBA and the values returned over the course of the lease period (or in some cases the freehold value) and provide:

- A proposition summary (the work of the organisation and who that work is undertaken with)
- Summary of outcomes and benefits used in the CBA.
- Summary of costs used in the analysis (asset value and costs provided by the Council)
- Output metrics summary (Financial, Economic or Local Authority potential costs and savings)

Another example of how you can measure your outputs and outcomes sessions

Activities	Outputs	Outcomes	Impact
What did you do?	What happened as a direct result of the activity?	What longer term change has occurred as a result?	What big picture change has happened?
<ul style="list-style-type: none"> • Mother and toddler gym buddy sessions 	<ul style="list-style-type: none"> • 40 parents and toddlers attended twice weekly exercise based activities 	<ul style="list-style-type: none"> • More family 'leisure time' with children • Extra weekly session to support demand • Improved communication between parent and child 	<ul style="list-style-type: none"> • Improved parenting skills • Increased confidence amongst parents and their children • Improved parent and child health and wellbeing

Other tips on how to measure outcomes can be found on [Community Matters Yorkshire](#)

Think about how the model can form part of your financial forecasting too when you are putting

together your cash flow forecasting. The cash flow forecast, and the CBA should be over a 3-to-5-year period, and when considered, the Council will calculate this across the term of the lease or in some cases equate it to the freehold value. See Appendix 1 for cash flow forecast example.

Below are also examples of an Output Metrics Summary generated by the CBA model. It shows the £ value of the proposed benefits of an activity/ intervention and the costs (loss of Council rent, income, costs, value) resulting in evidencing where the benefits of a proposal outweigh potential Council income generation provided differently because of a transfer (less than best)

Other tips on how to measure outcomes can be found by following this link:

<https://knowhow.ncvo.org.uk/organisation/impact/evaluation-and-impact-reporting-1/evaluation->

Example Proposal

Cashability Assumption
Price base FY 2021-22

Gross benefits

Financial Case (Fiscal CBA)		Financial Year			Net Present Value (NPV)	
		2021-22	2022-23	2023-24		
Actual costs	Costs	£ 60,000.00	£ 61,200.00	£ 62,400.00		
	Benefits	£3,807,826.17	£2,944,555.85	£2,085,359.64		
Discounted costs	Costs	£ 60,000.00	£ 59,130.43	£ 58,251.07	£ 177,381.50	
	Benefits	£3,807,826.17	£2,844,981.50	£1,946,705.53	£8,599,513.20	
					-£8,422,131.70	Net Present Budget Impact
					48.48	Overall Financial Return on Investment
					1 years	Payback period

Economic Case (Public Value CBA)		Financial Year			Net Present Value (NPV)
		2021-22	2022-23	2023-24	
Actual costs	Costs	£ 60,000.00	£ 61,200.00	£ 62,400.00	
	Benefits	£3,936,385.02	£3,071,082.69	£2,211,886.48	
Discounted costs	Costs	£ 60,000.00	£ 59,130.43	£ 58,251.07	£ 177,381.50
	Benefits	£3,936,385.02	£2,967,229.66	£2,064,819.70	£8,968,434.38

£8,791,052.88	Net Present Public Value
Not applicable	Public Value for Money BCR
50.56	Public Value Return on Investment

Local Authority		Financial Year			Net Present Value (NPV)
		2021-22	2022-23	2023-24	
Actual costs	Costs	£ 60,000.00	£ 61,200.00	£ 62,400.00	
	Benefits	£3,452,809.16	£2,589,606.87	£1,730,478.69	
Discounted costs	Costs	£ 60,000.00	£ 59,130.43	£ 58,251.07	£ 177,381.50
	Benefits	£3,452,809.16	£2,502,035.62	£1,615,420.38	£7,570,265.16

42.68	Local Authority fiscal return on investment
1 years	Payback period

10. Insurance and Licenses

You will need to have insurance.

short notice.

The types of insurance you need may vary depending on what you intend to do and the risks to your organisation, but could include:

- Public liability insurance
- Lift insurance
- Employer's liability, only if you employ people.
- Trustees' liability
- Building and contents insurance (the Council may provide insurance for some building perils which would be recharged)
- Vehicle insurance
- Any other insurance for specific activities e.g., if you hold a special event.

Equality and Diversity.

Equality means ensuring that everyone has an equal opportunity to participate, contribute to and benefit from the activities undertaken by your organisation. Diversity goes beyond fair and equal treatment to recognise and appreciate the benefits that people's different talents bring to an organisation or community. Society is diverse in many ways. Embracing and celebrating diversity helps create an environment where everyone feels included and valued.

A Tenancy at will/short term tenancy first.

A tenancy at will of short term tenancy does not provide the same level of security and does not pass on any asset liability but equally it does not allow you to invest in an asset – all of which a lease does include and allow.

However, such arrangements are flexible with the ability to end the agreement at very

A tenancy at will could provide an interim arrangement whilst you test out a new proposal which could then lead to a longer-term lease agreement.

Things you may want to consider:

- How will your organisation, in planning and managing this building/ land, actively eliminate discrimination, advance equality of opportunity and foster good relations within the community?
- How could you help new groups to form and meet community needs?
- How will the asset be managed and be accessible to all sections of the community?
- How will you encourage the community to be more cohesive and the asset to be a focus to enable this to happen?
- How can you contribute to making the community feel safe and promote understanding of different issues e.g., young people needing places to meet and play rather than being perceived as a nuisance by others

11. Handover of Asset: Checklist for community organisations

- ✓ Discuss with Council Officers and agree the heads of terms for the legal documents, e.g., lease. You will need to obtain your own legal advice before signing agreements.
- ✓ Engage a solicitor to prepare for the legal exchange. Search for qualified solicitors on the law society website.
- ✓ Agree clear roles and responsibilities within the organisation.
- ✓ Undertake an inventory of any equipment etc. or assets to be either transferred or retained by the Council.
- ✓ Understand what is included in the Handover with the Council and what information you will receive about the asset, including certifications, compliance checks you will need to do, any restrictions, policies and procedures and useful web links.
- ✓ Inform service providers such as utility companies that you have responsibility for the asset and agree new contracts.
- ✓ Agree a communication plan for the wider community and interested parties (this is an important element of the asset transfer process to ensure the community are aware of the new services/activities you will be offering and to provide reassurance for existing user groups).

At the point of handover, the following information may be provided which could contain documentation and information relating to the asset (where applicable):

- ✓ Your legal documents e.g., lease, contract, service level agreement
- ✓ Building condition survey
- ✓ Inventory of equipment
- ✓ Health and safety guidance
- ✓ Certificates for compliances
- ✓ Handover checklist.

