

# Community Asset Transfer

## A Strategic Review and the Way Forward For the Future

Nov 2015



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      ANNEX B – Assets that have transferred / Case Studies Post Transfer

## 1.0 **Context**

1.1 In keeping with the Localism Act of 2011 the Milton Keynes Council Cabinet, in January 2012, considered the adoption of a Community Asset Transfer (CAT) programme with a view to securing the community benefits of a range of local assets and a reduction in the costs to the Council. Five assets were approved as a pilot and consultation over a draft toolkit to support the programme was initiated, leading to the adoption of the first version of the toolkit in July 2012 via a delegated decision.

1.2 The toolkit opens with the following statement:

*“CAT has an objective of enabling local community partners to take more responsibility for local assets and wishes to empower these new arrangements with those organisations that may be best-placed to achieve this”*

## 2.0 **Policy**

2.1 CAT is part of a Council-wide change programme and comes under the Council’s Strategic Board which considers Land, Property, and Facilities Management.

2.2 CAT has a focus on ‘built community infrastructure’ i.e. leisure and community facilities, libraries, open spaces, and a variety of other sites and centres, and the possible transfer of these assets, freehold, to community partners.

Eligible assets are normally:

- modest in size
- serve identified very local communities
- not the larger assets that serve a wider area of Milton Keynes.
- not assets which provide the Council with an income.

In addition a four-test financial assessment process was added to the above in 2014 to ensure that the Council would not be adversely affected financially with regards to any freehold asset transfer under CAT. These tests are as follows:

1. *The revenue cost to the Council*
2. *The potential future liability in terms of capital investment requirements*
3. *Possible income generating opportunities to the Council*
4. *Potential development opportunities*

It was not proposed that any aspect would be more important than another but a balanced appraisal of all the aspects be completed.

Community Partners are locally run, locally controlled, non-profit distributing, inclusive and democratic, for example Town and Parish Councils, management committees, charities.

2.3 There is a two stage application and assessment process to ensure the suitability of applicants and support for their application, especially as there can be more than one interested party. More information can be found here: <http://www.milton-keynes.gov.uk/assets/attach/33297/Toolkit%20Revision%20CAT%202015%20PD.doc>

2.4 On an asset-by-asset basis an evaluation as to whether an asset should go into the CAT programme is undertaken by individual service areas. Firstly, services across the Council will assess whether they are needed for direct council service delivery. Other key considerations will include whether the facility serves a wider strategy need. . Those assets considered out of scope have been shown in the following link: <http://www.milton-keynes.gov.uk/assets/attach/33398/List%20of%20Assets%20Not%20Currently%20Under%20CAT%20Consideration.docx>

If at any time an organisation wishes to challenge the out of scope categorisation that organisation can contact the CAT team for a discussion.

2.5 In order to provide a greater level of transparency delegated decision approval is now needed for a group of assets to be put forward for consideration and entered into the programme.

2.6 CAT also seeks to ensure that community assets are delivered in a way that not only produces appropriate outcomes for residents but also delivers excellent value for money in line with the Council Plan. As part of the legal freehold transfer guarantees are put in place (in the form of community use covenants) that community benefit will be maintained in the long term by preventing sale or alternative uses.

2.7 In the toolkit key merits of the Milton Keynes approach to the CAT process are identified as follows:

- Mutually beneficial, flexible, and a simple proportionate and appropriate process
- Meets a demonstrable local community need, contributes towards community empowerment and generating social, economic or environmental benefits
- The application is made by a local, non-profit distributing charity/ community group/social enterprise or parish/town council
- The asset or value of the asset is protected and preserved for continuing community benefit
- A governing document that ensures the applicant organisations are locally controlled, open to everyone in the community, democratic and accountable
- The applicant can prove it has the necessary skills and experience to deliver
- There is a financial or business plan to ensure long term sustainability

2.8 In **Annex B** there are case studies of assets that have transferred. In summary, benefits so far include:

- Significant investment in repairs and maintenance and improvements
- Enhanced programmes and events
- Increased local understanding of the possibilities for the facility
- Local pride and confidence in the facility
- More links with other local services
- Ambitions for the future

### 3.0 **Progress to Date**

3.1 Phase One assets:

	Completed	In progress	Did not transfer
Total of 50 assets	17	10*	23

\* includes Olney Youth Centre & Great Holm CC (still at application stage)

- 3.2 Of the completed transfers so far the majority of have gone to parish or town Councils. Most are sports grounds, community centres or meeting places. Some asset transfers are still in progress and will be completed in 2015/16. A new phase has started for 2015/16 – more information can be found here: <http://www.milton-keynes.gov.uk/assets/attach/33093/Phase%20%20assets.xlsx>
- 3.3 The assets that did not transfer were classified as follows:
- No applicants (2)
  - Applicant withdrawn (9)
  - Applications stopped (12)
- 3.4 In only two cases no expressions of interest were received and either between Stages One and Two applicants withdrew from the process. Two major reasons cited either financial viability (via the applicant's business case) or a lack of agreement between community organisations with a stake in the asset (for example management committees).
- 3.5 In some cases asset transfers were stopped either because the applicant did not meet the standard criteria required or other commissioning models to transfer were considered because the CAT process was deemed unsuitable (e.g. the Pavilion at Woughton on the Green and Tattenhoe Pavilion). **Annex B** shows assets that have transferred since the programme began, assets still in the process of transfer and the assets that have not transferred and why.
- 4.0 **Year Two Review**
- 4.1 In 2014 as part of a Year 2 review of CAT a key risk was identified in that an asset that is transferred may not be used to benefit the community as envisaged. One of the agreed actions was to put together a mechanism for determining post-transfer community benefits. A simple questionnaire was devised and sent to successful transferees. The ability of the CAT team to 'stay in touch' post transfer also helped to inform the programme of any positive developments or indeed lessons learned. These have been outlined in **Annex B**.
- 4.2 A review of potential Phase Two assets took place in late 2014 and reviewed the way in which the process would be delivered – including the changes in 5.2 and 5.3
- 4.3 In June 2015 a delegated decision was approved for seventeen assets to enter the programme in tranches. Implementation of Tranche One began in September 2015. There are currently no further assets planned to enter Phase Two at the present time. However, there is always the opportunity to review the status of an asset deemed out of scope.

## **5 Toolkit Development and changes**

- 5.1 The original toolkit to support the process was developed in 2012 by drawing on best practice, through extensive community and stakeholder consultation and input through the Council's scrutiny process

Reviews in 2013 and 2014 helped to refine the Heads of Terms and application forms and confirmed the regular reports to the Council's Strategic Board; Land, Property, and Facilities Management.

During 2014/15 the four-test financial assessment was added see 2.2

- 5.2 One of the more recent changes to the Toolkit is to allow more time (if necessary) for potential applicants to consider the option before submitting an application, which might mean over and above the usual four-week window following an initial open/public session. This will encourage a greater opportunity for the potential applicants to consider whether it is appropriate to submit or not by adopting a more collaborative approach.
- 5.3 Another recent consideration and change in Policy will be the provision of information and contact opportunities before an open/public session takes place. More detailed information on the property has historically been shared at Stage Two. Now, information will be made available on the web page in the lead up to the open/public session and this may include information on:
- Financial details of the property
  - Leaseholder information
  - Restrictive Covenants (if any)
  - Condition Surveys (where available)
  - Red line plans of area to transfer

## **6.0 Managing MKC facilities**

- 6.1 A number of management options will be looked into by service areas as alternatives to CAT and may include:

### Long term lease

A long term lease preferably without Council revenue or capital funding to a voluntary sector organisation or parish or town council, Examples of this arrangement can be found at Shenley Leisure Centre, Wolverton Pool and Fitness Centre., Bletchley Rugby Club, Milton Keynes Rugby Club and Downs Barn Pavilion. In some cases assets make a nominal lease payment to the Council.

### Community Use Agreement

A community use agreement with a local organisation or a local school to protect community use access and prices with a preferable position of a zero council subsidy and risk transfer to the third party within a partnership working relationship. An example of this can be found at Oakgrove Academy with Oakgrove Leisure Centre.

### Management Contract

A long term lease, contract and service specification with a specialist service delivery partner which may link to a capital investment by a third party with a preferable position of zero subsidy or an income to the Council together with full risk transfer. An example of this can be found at Woughton on the Green, Woughton leisure Centre, Windmill Hill Golf Centre and Bletchley Leisure Centre.

### Contract Variation

The Council has a number of contracts for service delivery that afford the ability to vary services/assets into a contract. The existing contract will often have a contract, specification and lease arrangement and a zero subsidy position is preferred together with user, programming and price protections. An example of this is at Tattenhoe Pavilion.

### Lease transfer with Council Payment

Such an arrangement would involve the transfer of an asset under a lease with a payment being made to a local organisation to manage locally more cost effectively. An example of this can be found at Cowper's Alcove. Other examples include the Landscape contract.

Note on the contribution of Parish or Town Councils: not only are Parish and Town Councils significant players in the CAT programme but they also have the option of playing a role in monitoring the effectiveness of other forms of management of local facilities.

## **7.0 In Year Four (2015-16)**

7.1 The CAT team will be continually trying to improve the conversion rate in terms of asset transfer completion. Additionally there will be a focus on a more collaborative approach with the local stakeholders in the areas concerned with asset transfer, ensuring that the CAT team share information in a timely manner and provide support where appropriate.

At the end of Year Four, residents, communities and stakeholders will notice the following differences:

- More examples / testimonials of the benefits of the CAT programme
- More transfers to local partners in the community, empowering those parties to sustain assets for future generations
- Work collaboratively with potential applicants and provide / share as much information about the asset to help strengthen their application
- Connect with other change programmes taking place within the Council (i.e. Community & Cultural Services Programme – CCSR)
- Implementation of a process to ensure the transferees accounts are received in a timely manner and that they are reviewed as appropriate



<http://www.milton-keynes.gov.uk/leisure-tourism-and-culture/community-asset-transfer>



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