



Appendix 2

Development Department

Your reference: Consultation Community Asset Transfer Policy Framework

Our reference: #150804

Being dealt with by: David Purchase

Date: 5/8/13

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Urban and Community Policy Directorate
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Dear DSD,

RE: Consultation - Community Asset Transfer Policy Framework

Thank you for asking us to comment on the strategic plan. Please find attached our provisional response to this consultation document. Please note that this is still subject to final ratification by full council.

We support the aims and objectives and most of the actions within the plan. However we need to see the guidance and case studies that are mentioned before we can make detailed comment. It should also be noted and recognised in the consultation document that asset transfer is not new (BCC have many successful examples: Shaftesbury, Grosvenor, Templemore, etc and have been operating an informal policy for many years) but that this policy is an attempt to encourage and structure the approach. Our specific responses to your consultation question are shown in the following section.

Thank you for asking us to respond to the proposals.

Yours faithfully

David

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Community Asset Transfer (CAT) Policy Framework

Your Details

1. Are you responding on behalf of:

- Individual
- Organisation Please Specify

Belfast City Council

2. Email Address

Purchased@BelfastCity.gov.uk

Equality Monitoring - Organisation

The following questions are for equality monitoring purposes. The responses which you give to these questions are completely confidential. You are not required to answer these questions if you choose not to. However, any information, which you do provide would be much appreciated.

6. Which community does your organisation primarily serve?

Cross Community

7. Which gender does your organisation primarily serve?

Both

8. Which of the following age bands does your organisation primarily serve

All of the above

9. No individual will be identified from the analysis of responses, however under the Freedom Of Information Act 2000 individual responses may be disclosed.

Please tick here if you wish your response to be held confidential.

The following questions relate to Section 6 of the consultation document. Please refer to this section for further information.

10. Do you consider that the proposed ground rules are an effective means of achieving a focus on outcomes?

- **No.** Please suggest amendments or alternatives:

While we agree with the outcomes we feel that they are too broad for the purposes of the policy. To allow effective decision making, there needs to be more detail. A type of financial and social benefit model may help to clarify what the outcomes are and also support decision making. There should also be some acknowledgement of need and demand in an area, although we appreciate that this is better covered in detail in the decision section.

11. Do you consider that the proposed ground rules are an effective means of ensuring sustainability?

- **No.** Please suggest amendments or alternatives:

We agree that capacity and sustainability are key issues and probably the most important of those identified in the consultation document. BCC currently have approximately 40 leases in place (some short term others long term e.g 99 years)



for community, sports and other 3rd sector groups. A few of these have had to be surrendered by groups in recent years e.g. at Finlay Park, Whiterock etc, and several are struggling both in terms of financial security and delivering the expected outcomes. BCC may be able to make the lessons learnt from these examples available to supplement your planned case studies.

Although there is much evidence about the benefits of community asset transfer, there also a need to look at the processes, training, skills and financial requirements which need to be in place to ensure successful asset transfer and to ensure that they do not become liabilities. The consultation document mentions these areas but only at a very high level. Most community groups will be receptive to the idea of community asset transfer however there is a myriad of reasons why community asset transfer can fail – a lack of capacity in community and voluntary groups to actually manage assets as well as the ongoing sustainability issues of groups. Many community & voluntary organisations in Belfast simply would not have the capacity or financial arrangements in place at the moment to successfully manage an asset transfer – some organisations cannot even pay their rent.

Generally, in relation to community assets such as community centres, the asset itself has a limited ability to generate sustainable income. Core to sustainability is that the services or activities, that are either based in the asset or which hire the asset, have the ability to pay for the use. The sustainability of the asset users usually depends heavily on grant aid and an ever decreasing public purse. This will affect the financial and business modelling required to prove the investment readiness of the organisation. This is particularly relevant to assets which are multi-user and/or multi-function. Organisations which are using a building for a single service use (e.g. childcare provision, youth club, women's centre) will pose a significant risk if they fail to secure tenders to provide local services within clearly defined neighbourhoods/areas.

With increasing cuts in public spending, future funding for buildings is likely to increasingly rely on Banks (mortgages) which is very different situation to today. Generally, there is likely to be less money in future.

From our experience it is often the case that the community do not want to actually have responsibility for the day to day work of running an asset. They usually underestimate what is required to keep an asset open. Their main interest is controlling the overall use of the asset (programming).

Therefore we feel that in many cases a staged approach to asset transfer is appropriate. That is, from a first stage of taking over the programming of activities, to leasing the asset, and finally owning. The consultation document seems focused on owning. The approach taken should depend on the level of risk, which will be effected by, among other factors, the value of the asset and the capability and sustainability of the community groups.

We note the reference to the need for business plans and agree that this is important. Our experience is that many groups do not have the experience or skill to produce a realistic longer term business plan. Where they do have experience, it is usually in producing a plan to secure short-term funding rather than a plan to sustain an asset over the longer term. Often, even the most basis aspects (insurance, bookings, accounting, etc) have not been considered or fully understood and so they completely underestimate the ongoing running costs. The plan should also show how the group hopes to move short-term funding (grants) to longer term funding (true sustainability). Therefore we feel that there needs to be clear guidance as to what has to be covered in a business plan.

The consultation policy should also consider the longer term monitoring of assets that have been transferred and arrangements to deal with situations where the new owners are not delivering what was promised in the business plan. Again,



using a staged approach with leasing before owning would be one way of ensuring that the community group was able to deliver on their promises. There should also be guidance on the development of suitable exit-strategies.

The consultation document also needs to set expectations among community groups. As presented, we feel that it is far too biased towards raising expectations that assets are going to be readily available and that any transfer will automatically create the benefits outlined. The reality is that we may need to decline requests; the groups proposed plan may not be realistic; leasing or programming might be better options; and owning an asset does not automatically guarantee the hoped for community benefits.

To put the above paragraph into context, it should be noted that BCC very rarely decline a request but we often have to work closely with groups before they are ready to take over an asset.

We would also be keen to see the results from case studies mentioned in the consultation document and are happy to share our "Discussion paper on Community Asset transfer. [Docs# 126120v 3: 16 May 2012]."

12. Do you consider that the proposed ground rules are an effective means of ensuring accountability?

- **No.** Please suggest amendments or alternatives:

As highlighted in our response to Q11, thought needs to be given to how assets can be monitored after transfer to ensure they deliver on the promises that were used to secure the transfer. In particular, what happens when things go wrong? In extreme cases, what processes/procedures can be put in place for taking back assets?

Additionally, the short timeframe for implementation of this policy could present problems in embedding the proposals in upcoming asset transfers.

13. Do you consider that the proposed ground rules are an effective means of governing decision making?

- **No.** Please suggest amendments or alternatives:

In terms of the key stages to consider, our team liked the decision making process as outlined as it covers many of the key issues. However, we need to see the "more robust methodologies" before we can make specific comment.

A key aspect of decision making, which we don't feel is sufficiently addressed in the consultation document, is need assessment. Via a range of funding sources (EU, BRO,IFI, Atlantic Philanthropies, Big Lottery) the community sector in Belfast has developed a considerable level of asset acquisition. Many neighbourhoods within Belfast have an extensive physical infrastructure balanced by collaborative working arrangements, local and usually informal agreements about the function of community buildings and ensuring where possible the services do not compete for limited resources.

Need assessment requires understanding the community needs in the area around the asset and also the mapping of other assets and service provision that are already in place in that area. This should consider assets beyond just public sector assets. In particular, we need to avoid duplication. To map this provision effectively may require improved dialogue between different agencies to ascertain what each already has in place.

Critical to the success of community asset transfer is an understanding of the spatial area the asset is required to cover. Most community organisations tend to operate at a neighbourhood level with clearly defined boundaries, which are usually agreed with neighbouring communities- these tend to be informal understandings although some formal boundaries have been defined for funding



delivery and regeneration purposes e.g. Neighbourhood Renewal Areas. If an asset is based within a specific neighbourhood yet is required to service more than one neighbourhood there will be a need to explore opportunities for collaboration. Alternatively an asset based within a neighbourhood may have an unintended consequence of excluding people from neighbouring communities. Voluntary organisations and organisations with a wider spatial remit e.g. arts co-operatives, may be in a more advantageous position to benefit from assets which allow them to span neighbourhoods or delivery city-wide services.

The benefits of CTA focus on social, economic and environmental regeneration. How will the community be involved in defining key regeneration priorities for their neighbourhoods? Who will set the outcomes and outputs for such regeneration activity and who will be responsible for acquiring and the effective utilisation of inputs? Regeneration is a long-term process who will define the timeframe for the outcomes?

A potential risk in relation to the implementation of CTA is the culture of the community sector and its dependency on grant-aid. To move from grant-aid to income generation will pose significant risk to community organisations particularly those who own, lease or manage existing community facilities. Business planning has been primarily about proving to a funder that an organisation has the capacity to provide a service, manage a centre for which it is seeking full-cost recovery. This is a different set of skills to running a service and providing a building which requires you to have; business acumen, a business model and marketing plan which focus on hard targets.

There is also a significant risk that a transferred asset may fall under the influence or control of a particular group/portion of the community in an area, and that they may not be inclusive. In some areas it is not difficult to imagine that an asset might come under the influence of paramilitary organisations. More generally, there are equality issues associated with transfers and there is a need to have Expressions of Interest advertised as opposed to dealing with one group.

Other factors that need to be considered when coming to a decision include:

- Recognising the future potential of open land, which includes keeping it as an open space for the public.
- Current funding streams e.g. Belfast City Council is investing in local neighbourhood provision via the Investment Programme, Local Investment Fund and Belfast Investment Fund. These projects are third sector driven and will provide organisations with funding to expand, renovate, or equip their asset and enhance their level of service provision.
- Striking the right balance between the social as well as economic benefits accrued through the use of the asset. Financial and social returns on the investment are critical to the success of the business model. The greater the emphasis on the social the more risk there is to the financial and thus sustainability of the asset and organisation.

The question below relates to Section 7 of the consultation document. Please refer to this section for further information.

14. Do you consider that these proposals will be effective in raising the profile and understanding of Community Asset Transfer as a tool for investment and regeneration?

- **No.** Please suggest amendments or alternatives:

As per our response to Q11, it also raises expectations among community groups. As presented, we feel that it is far too biased towards raising



expectations that assets are going to be readily available and that any transfer will automatically create the benefits outlined. The reality is that owning an asset does not automatically guarantee the hoped for community benefits nor does it guarantee investment and regeneration. The document should highlight the risks and common mistakes as well as the benefits.

The policy has the potential to raise the profile and understanding of CAT and to support aspects of regeneration for example the transformation of leisure services within Belfast but it is unclear from this document how they will be a tool for investment in the Northern Ireland.

The question below relates to Section 8 of the consultation document. Please refer to this section for further information.

15. Do you consider that these proposals will be effective in 'Mainstreaming' Community Asset Transfer as an option for public sector asset management and addressing current operational barriers?

- **No.** Please suggest amendments or alternatives:



We feel that the document is primarily written for the civil service rather than the wider public sector (see its references to departments) and that the focus is on disposing of empty/surplus buildings and saving money. In general we felt that 'Mainstreaming' is perhaps the wrong word as this is not an activity that is needed on a day to day basis; we don't have an inexhaustible supply of assets to hand over. It would help set the context if an indication was given of the number of potentially transferable buildings that are immediately available.

More detailed discussion between local and central government is required on the following:

1. Ways in which assets may be nominated and listed including agreed exclusions from the assets lists.
2. In the context of forthcoming local government reform in NI the application and monitoring of a consistent approach to Community Asset Transfer across all councils.
3. What is the proposed definition of an Asset of Community Value? Will this extend to cultural, recreational and sporting interests as it currently does in the Localism Act 2011?
4. Will there be guidelines for what is classed as disposable. It is likely that any guidance or final policy will need to be modified for Council use.

BCC have been working on an internal policy for asset transfer driven by community need. This is to become more strategic in our review of assets and to identify opportunities for transfer where there is a clear need in the community. However, it is also worth noting that requests to transfer assets also come directly from the community. There appears to be nothing in the policy on how we should deal with these requests. Regarding the list of available assets, we feel that it should be our choice as to what we declare on the list.

An enabling environment is not just about ensuring that the legislation is in place to permit the transfer of assets it is about creating the right conditions for the community sector to maximise the benefits of transfer. Creating a supportive environment, ensuring resources are available and that stakeholders are involved in the decision making process is also critical. All communities, which wish to take advantage of CTA, must have a long-term strategy in place that clearly identifies the resources and support required to minimise risk and maximise benefits from the transfer.

However, we can and do work with community groups to support them and to create an enabling environment. Therefore the biggest overall barrier is still legislation (being able to sell for under market price, open competition, and being open to challenge) and there is not enough time to pass legislation before this policy comes into effect. Previous regional level discussions connected to RPA/LGR have highlighted the need for new legislation to allow for disposal of assets at below market value but there has been no progress.

It is also worth noting that, in our experience, Central Government departments are increasingly reiterating that they don't have the remit /legislative basis for community based activities /regeneration and won't therefore lease assets to 3rd sector groups. Instead they look to the Council to take on the asset from them in the first instance (as they see council having the remit for community development and regeneration) and then for Council to lease to the community groups e.g Lanyon tunnels; Walkway /Finvoy Street; land at Shore Road etc. Therefore, unless there is enabling legislation for these departments, the Community Asset Transfer Policy will have minimal impact.



The question below relates to Section 9 of the consultation document. Please refer to this section for further information.

16. Do you consider that these proposals will be effective in creating and maintaining the necessary skills within public sector and third sector organisations to support implementation of Community Asset Transfer and the long term sustainable management and development of assets?

- **No.** Please suggest amendments or alternatives:

The activities will help especially the publication of the case studies. However the work also needs to be supplemented with necessary training and support. While the policy may launch later this year, there needs to be more time to develop Community Abilities. Many of the skills cannot be learnt quickly as they are more dependent on experience.

To supplement the case studies we would also appreciate information as to what percentage of transfers become truly sustainable compared to how many still need public / grant support. In our experience, most Community activities don't make money. Of those case studies that are sustainable, information about the methods used to raise money would be useful. We may be able to provide some of our own examples as case studies.

The question below relates to Section 10 of the consultation document. Please refer to this section for further information.

17. Do you consider that these proposals will be effective in providing investment to support the implementation of Community Asset Transfer?

- Yes
- Don't Know
- **No.** Please suggest amendments or alternatives:

Most of the suggestions in the consultation document are about re-directing grants and funding streams rather than attracting new investment. Though we do note that it can be easier for a group to leverage funding where it owns the asset. It may be that the Policy approach is expected to generate private investment through schemes such as sponsorship or possibly through social enterprises. If this is the case, the policy should make this more obvious. Whatever the case, the role of the private sector should be included in the policy.

The question below relates to Section 11 of the consultation document. Please refer to this section for further information.

18. The Community Right to Buy or Right to Bid exists elsewhere in the UK as part of the enabling environment for Community Asset Transfer. We are interested in exploring opinion on whether an equivalent community right could support asset transfer in Northern Ireland. If you would like to comment on this please do so below:

We would be interested to see if the case studies show that the Community Right to Buy or Right to Bid approach is successful during an economic downturn. We are concerned that it further depress the property market and could be another barrier to investment (especially foreign) as it creates another delay and frustration. We expect that there are already enough assets in public ownership to satisfy community demand.



19. Any other comments?

UK learning points

There are clear learning points from the UK public sector with regards to CAT and community empowerment. However, the omission from this document of the many examples available within Northern Ireland of successful community asset transfer by local government and others was disappointing. The community sector in England, in particular, is notably different both in terms of council's powers, integration of the public sector, the state of the economy, etc; and also in terms of the ability and capacity of community groups. CAT in the UK is also significantly influenced by the current austerity measures and the need to make significant cuts rather than to directly produce community benefits. Big Lottery funding arrangements also make a significant difference.

Impact of LGR

The policy needs to recognise the potential impact of RPA/LGR. For example, is their consistency across boundaries (and between departments and councils) for how they deal with transfers, will it cause problems when they merge? As a Council we also need to consider how this aligns with community planning, which is still in an early stage. It also needs to take into consideration other strategies including 'Together: Building a United Community'

Student accommodation

BCC would be interested to explore potential for the framework to be utilised to address community issues identified in the Holylands and Wider University Area Strategic Study report in relation to the provision of more purpose built student accommodation within the City. To do so would involve the transfer of a surplus site or building for development as purpose built student accommodation. The proposed asset transfer framework would require the accommodation provider to fall into one of the 3rd sector organisation groups as described in the framework.

This type of transfer could potentially be suitable for local religious denominations/organisations if they decided to expand their existing student accommodation provision; or for an accommodation provider to form itself as a 'social enterprise' However, most specialist student accommodation providers that are active in the UK student accommodation market would typically be private sector companies backed by international investors so would be unlikely to be able to avail of the proposed framework.'

Policy guidance

There needs to be more detail and guidance on how community asset transfer will actually be implemented. The policy proposals are very high level and generic. There is also no mention of the role of local authorities in the consultation or in its implementation – local authorities need to be involved in this from the outset. The policy should indicate how prescriptive the upcoming guidance will be. In particular, will we have to comply?

Resources

We are concerned that no additional financial resources from central government appear to have been identified to support this framework or the necessary initiatives to inform how Community Asset Transfer implemented.

Overall approach

We are concerned that the policy may underestimate the readiness of the sector to take over assets. Community Asset Transfer should be viewed as a long-term process involving four distinct phases;

- i. Asset mapping: analysis of the current situation regarding the community's portfolio of assets, ownership, typology of assets, their functions,



condition, business model and sustainability. Does the neighbourhood require a new asset or more effective use and resourcing of existing assets?

ii. Pre-transfer: preparing organisations for asset-transfer. Is the organisation investment ready? Identifying relevant assets, stakeholder engagement, capacity building, financial/business modelling, market analysis, supply and demand, sustainability, succession planning, legal identity, facilities management, legal requirements e.g. health and safety, accessibility, strategic/business planning, feasibility studies, economic appraisal, risk assessment, will the asset create collaboration or competition.

iii. Transferring the assets; agreeing terms of transfer, service level agreements etc., extensive legal advice and input.

iv. Post asset transfer: depends on business model and funding agreements. Many community organisations have been entirely dependent on grant aid. It may take an income generation/grant aid package initially to ensure the sustainability of the asset and its use. Ongoing support and technical assistance will be required.

Legislation

Finally, we would like to reiterate that the biggest overall barrier is still legislation (being able to sell for under market price, open competition, and being open to challenge) and there is not enough time to pass legislation before this policy comes into effect.