

Scrutiny briefing note...

The Economy Scrutiny Panel has asked for an update on the following issues. This briefing contains the latest position as at March 2021.

Subject: Community Asset Transfer Approach – refresh

The current Community Asset Transfer (CAT) Approach was written in 2016, with support from the national membership network organisation Locality, following inclusion in the Community Ownership and Management of Assets (COMA) programme. The programme involved engagement with community groups who were or had experienced an asset transfer with the Council at that time.

More recently the Council were again successful in being part of additional resource provided by Locality, to refresh the Approach, including updating the content and adding to the guidance, support and templates available to communities considering asset transfers in the future.

The Council have worked alongside Sector Support, North East Lincolnshire, who are partnered with the Council in offering free advice and guidance to communities considering a CAT, and Locality, to bring the Approach up to date with current advice, guidance, and templates. The changes will support community groups in understanding more about governance, finance, social return, cashflow and handover expectations.

It will also see the addition of a list of potential assets that are suitable for a CAT and we are working on producing a leaflet that can be available in settings accessed by the community to signpost to the Approach.

Since using the current Approach, feedback has been that the overall timescales for completing a CAT is excessive. We have listened and reduced the number of stages to streamline and move through the milestones with more pace. The result is a short 10 steps to completing a CAT.

The CAT Approach will be formally adopted as part of the Council's Corporate Asset Management Plan (CAMP) which details the Council's aims and objectives and arrangements for managing its land and property assets.

NEXT STEPS

It is intended that the Approach will accompany the Corporate Asset Management Plan when it is adopted later in the 2021-22 financial year. In the meantime, to note:

- the revised draft Community Asset Transfer (CAT) Approach as provided as at Appendix One, leading to engagement and workshop training sessions with Members and Community representatives.
- Acknowledgement that any minor amendments will be included following the conclusion of the above, when formal approval will be sought from Cabinet, as part of considering the new Corporate Asset Management Plan, in the last quarter of the 2021-22 financial year.

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by email democracy@nelincs.gov.uk

or by post NELC Scrutiny Team,
Municipal Offices,
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Or go to: <https://www.nelincs.gov.uk/your-council/decision-making/scrutiny/>



Community Asset Transfer (CAT) approach

Date Created: Spring 2016

Date reviewed: January 2021

Review: 3 years, January 2024

Foreword



I am pleased to welcome this refreshed and practical guide to Community Asset Transfers, which is designed to help you understand what is involved in taking over and running a community asset and how North East Lincolnshire Council makes sure the process is transparent, fair and is undertaken in a timely manner.

We know from years of experience working with communities and volunteers, the fantastic job they do managing former public buildings and continue to provide essential facilities when the Council is unable to. Transfer examples include Grimsby Ice Rink, sports pavilions, recreation grounds, and buildings now used as community hubs.

Community Asset Transfer is not new to us. Since the writing of the approach in 2016, we have already agreed over 15 transfers as of June 2020.

We feel now is the time to refresh our approach to make it simpler and more transparent. We are also encouraging other public bodies to consider asset transfers of facilities to communities.

Reduced Council budgets and limited resources mean that we have had to think hard about how we deliver services and manage our assets.

The Community Asset Transfer process allows for communities to take control of buildings and places important to them but also in many cases to be able to receive funding which the Council cannot access.

This now represents a significant part of our approach to creating stronger communities and making North East Lincolnshire an even better place to live, work and enjoy.

I look forward to working with you to achieve this for the benefit of everyone in the Borough and future generations to come.

Cllr Stan Shreeve

Deputy Leader and Portfolio holder for Finance, Resources and Assets

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

<https://www.nelincs.gov.uk/accessibility/>

Haverstoe Park Pavilion



Speaking to Grimsby Live: "Louise Deane wanted to transform the Haverstoe Park Pavilion and open a new cafe for families, sports fans and visitors to enjoy.

Her dream of bringing the park back for the benefit of the community began on what was meant to be a relaxing trip to Haverstoe Park.

"All I wanted was to use the facilities, but the place was all locked up. I had lived abroad for 10 years and came back and when it was all closed up, I had a long chat with friends, so decided to look at what could be done to bring it back" told Louise."

Speaking to Grimsby Live: "A new coffee lounge has been launched in Cleethorpes to help our Armed Forces.

Visitors to Blighty's Coffee Lounge will have a chance to support veterans and enjoy delicious snacks and refreshments, all in one go.

The tastefully decorated lounge on the ground floor of The Knoll will be a drop-in information centre for servicemen and women and their families and support the excellent work at the Armed Forces Hive.

It is run entirely by volunteers who have dedicated years of work to support personnel from the forces and veterans.

Armed Forces Champion, Alex Baxter said: "We have a range of services available here and we normally have people referred to us through a third party.

"Opening Blighty's Coffee Lounge will enable people to drop in and access our services directly."



The Knoll

The Trin Centre



Speaking to Grimsby Live: "Cleethorpes Community Sports and Education Charitable Interest Organisation took over the lease of the youth club, after North East Lincolnshire Council handed over control to them at a peppercorn rate, allowing them to develop a hub for young people that will deliver education, fitness and sport.

The grant has helped to create a fantastic new facility, replacing the old one that was in desperate need of a full refurbishment, and will now become a hub for a wide range of activities for older people, disadvantaged groups and young people. Its aim will be to promote cohesion and social inclusion, as well as allowing a range of sports clubs to benefit from moving into the facility."

These will include dance groups, gym and football sessions, yoga and private functions, along with a long-established boxing club."

1. Introduction

North East Lincolnshire Council (NELC) 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, such as social enterprises like Centre4 in Grimsby, 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 North East Lincolnshire (NEL) 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.

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 Support, North East Lincolnshire Partnership (SSNEL).

Contact details can be found [below](#).

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 North East Lincolnshire 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 – An item of property in ownership, guardianship or lease. In terms of asset management, relates to land and buildings.

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 – a document that describes an organisation's current status and plans. It should be included in the business case outlining the organisations intentions and justification as part of a proposed asset transfer.

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 is capable of generating 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: <https://www.nelincs.gov.uk/your-council/localism/>

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 – the extent to which the project is possible.

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

Financially viable – in this context, whether or not 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 – a financial term meaning profit.

Sustainable – a community project that is able to 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?

Proposals will need to demonstrate that the CAT is likely to lead to:

- improvements in local service provision as a result 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 centres
- Play areas.

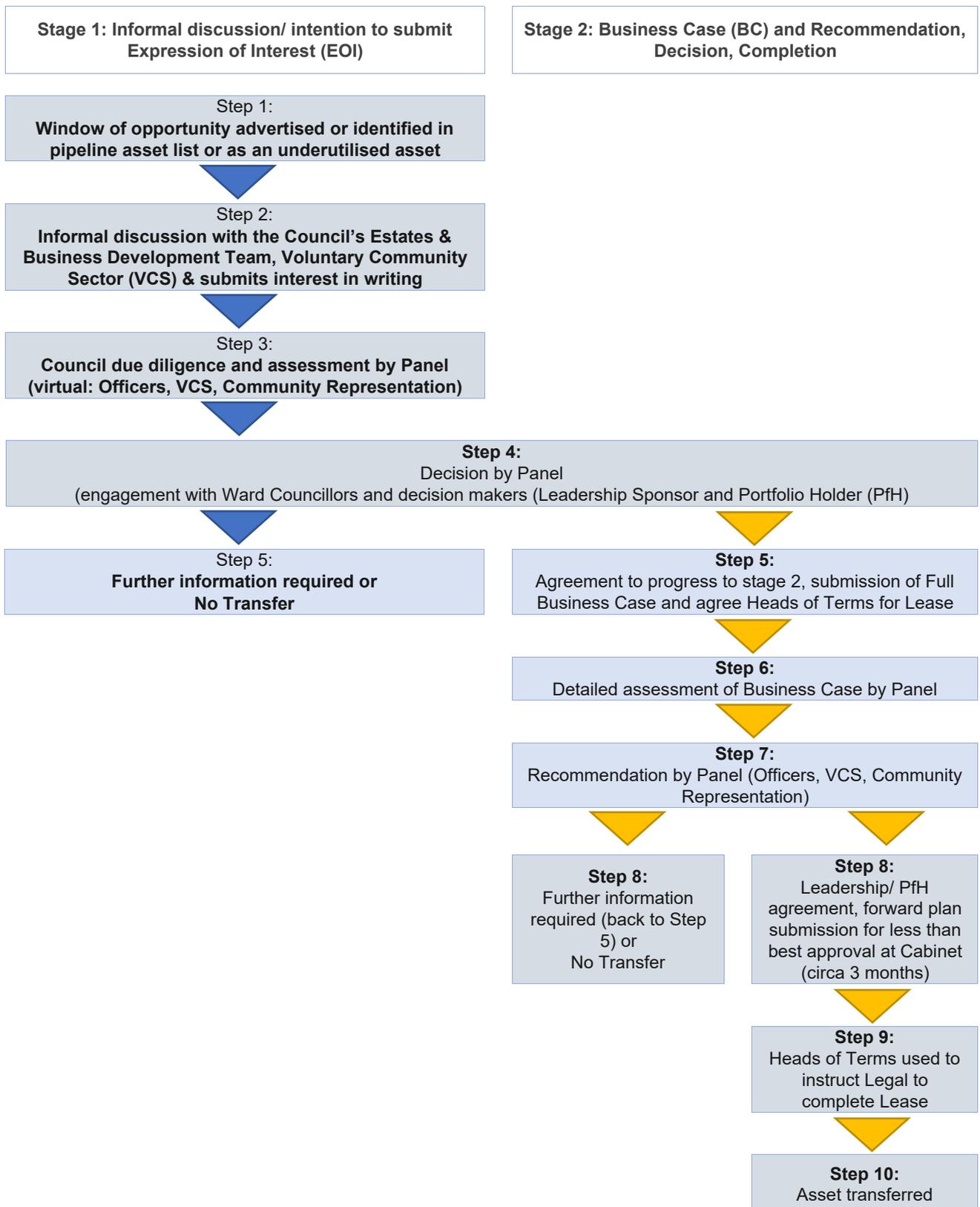
There may also be CAT opportunities with other public bodies such as Health, Police, Town and parish councils, and Housing Associations. Whilst these opportunities will need to be explored directly with those bodies, the Council may be able to help and signpost you to the relevant contact.

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: <https://www.nelincs.gov.uk/your-council/localism/>

*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. NEL 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 North East Lincolnshire.



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 North East Lincolnshire. This will also require organisations to show how they can help to meet the Council's vision/ strategic priorities and aims. Information can be found at: [North East Lincolnshire Council vision and aims - NELC | NELC \(nelincs.gov.uk\)](https://nelincs.gov.uk)

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 North East Lincolnshire 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 audited 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 national and EU 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 value 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.

To view the Council's vision, strategic priorities and outcomes, please visit the website by following this link: <https://www.nelincs.gov.uk/your-council/north-east-lincolnshire-council-vision-and-aims/>

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 to enable a proper informed decision to be made.

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 Leadership Sponsor, Executive Director of Economy, Environment and Resources at North East Lincolnshire Council.

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 in order to build a fair society where every community thrives: <http://locality.org.uk/>

Sector Support North East Lincolnshire - offer a range of help and advice on issues like funding, governance, safeguarding and volunteering as well as training courses and events. Sector Support also assists groups locally going through the CAT approach: <https://www.sectorsupportnel.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/>

Understanding Community Asset Transfer – A guide for Community Organisations: <https://www.powertochange.org.uk/research/understanding-cat-communityorgs/>

Community Asset Transfer guide - for councillors: <https://www.powertochange.org.uk/research/community-asset-transfer-guide/>

Land Aid - the property industry charity broker provide 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 \(rics.org\)](http://charitypropertyhelp.rics.org)

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. The vast majority of 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:

- 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:

Get someone else who is not connected to the project such as Sector Support to read the case before you submit it.

Priorities - Stronger Economy and Stronger Communities

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

Outcomes

- 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 you will find in Appendix A. learning

The business case should be accompanied with a 3-year minimum revenue and capital cashflow appraisal, an example of which

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 Support 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 the group/ organisation to demonstrate that their proposal provides a value which will be used to offset the monetary 'rental' value over the term of the lease.

This is required to satisfy the 'less than best' report when seeking approval by the Councils Elected Members of Cabinet as part of the Council fulfilling its obligations to achieve 'best consideration reasonably obtainable' as stated under Section 123, Local Government Act.

An indication of how we would expect a group/ organisation to provide this alternative social return can be provided as shown below.

Essentially any activity that the Group will provide or host as part of their proposals should have a value which will support the proposal to be sustainable over the course of the lease.

Think about how the below can form part of your financial forecasting.

Activities	Outputs	Outcomes	Impact	Return
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 and buddy sessions at a cost of £2.50 per session per Mother 	<ul style="list-style-type: none"> • 40 parents and toddlers attended twice weekly exercise-based activities for 7 months 	<ul style="list-style-type: none"> • Provided Community Accessible facilities • 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 • Reduced intervention of Health services 	<p>£5,600 was generated in support of holding the activity</p>

<ul style="list-style-type: none"> • Chair based exercise and activities for older people 	<ul style="list-style-type: none"> • 20 people attended 3 times a week for 1 hour at a cost of £1.50 	<ul style="list-style-type: none"> • Reduced social isolation for those people. • Provided exercise in a safe and secure environment. • Improved social interaction and involvement. • Broke down barriers. • Created relationships and improved mental health 	<ul style="list-style-type: none"> • Reduced intervention of Health services and adult social care • Increased confidence and broke down feelings of anxiety 	<p>£2,880 was generated in support of holding the activity</p>
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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-and-impact-reporting>

10. Insurance and Licences

You will need to have insurance.

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 different ways. Embracing and celebrating diversity helps create an environment where everyone feels included and valued.

You may want a License first.

A license 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.

License terms are far shorter and are flexible with the ability to end the agreement at very short notice.

A license 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.

12. Is your organisation ready?

Getting started

The Checklist has been designed for use as a self-assessment questionnaire. It helps you consider your organisation's readiness for a community asset transfer as a new or established group. If you are a new group, you may wish to use this as a prompt and to contact Sector Support to gain advice and support to help you set up properly. Contact details can be found [below](#).

The questions help you look at your organisation's legal structure, its governance arrangements and its financial sustainability. Information from the Checklist can help you to provide evidence to the Council.

It is important to recognise that reviewing your organisation is not simply a tick-box exercise. Once you have completed the Checklist, you should draw up an action plan for any items that need attention.

Where possible, it is important that this document is completed by more than one person. Please, answer all questions as fully as possible. If you are not sure of how to respond that is a good indication that more work is required.

In this Checklist we use the word 'trustee' to describe the group of people legally responsible for the organisation. You may call this group of people trustees, management committee members or another name. The completion of the Checklist is not intended to be overly complex or burdensome, but it will require you to dedicate some time to focusing on the questions that it raises.

Please, make a note below of the people who have asked to be involved in completing this template.

Part 1 - GOVERNANCE

Good governance is a vital part of how organisations operate and are held accountable for what they do. It is also one of the most important requirements for the transfer of public assets to the community.

The Council will need evidence of the sustainability of your organisation at the full business case application stage if it is to be considered for a community asset transfer.

If you have identified there is additional support or guidance once you have completed the checklist, please discuss these requirements with Sector Support of the Council – contact details at the end of this Approach.

Question	Your notes and evidence	We need help with this
<p>1 What is your legal structure and do you understand the implications?</p> <p>A Unincorporated</p> <p>B Incorporated</p>		
<p>2 Do all trustees/ directors have a copy of your governing documents, understand them and follow them?</p> <p>A Yes</p> <p>B No</p> <p>C Not Sure</p>		
<p>3 When was your last Annual General Meeting (AGM)?</p> <p>A Within the last 12 months</p> <p>B More than 12 months ago</p> <p>C Not applicable</p>		
<p>4 How often do you hold trustee/ director meetings?</p> <p>A 0-4 times a year</p> <p>B 5-10 times a year</p> <p>C More than 10 times a year</p>		
<p>5 Are all your meetings quorate and run following the rules of your governing document?</p> <p>A Always</p> <p>B Sometimes</p> <p>C Never</p>		

Note: CIC's do not have to hold AGM's unless specifically added to their articles.

6 Do you minute all your meetings including noting agreed actions, who will do the work and by when? Do you keep minutes in a safe place? Do all trustees/ directors get a copy of the minutes in good time after the meetings?

- A Always
- B Sometimes
- C Never

7 Do you have written role descriptions for trustee/ director and officer roles (chair, secretary, treasurer?) Do they understand their legal duties as legal trustees/ directors?

- A Yes
- B No
- C Not sure

8 Do you understand the skills, knowledge and experience trustees/ directors need to run your organisation well? Do trustees/ directors have these skills, knowledge and experience?

- A Yes
- B No
- C Not sure

9 Do you recruit, appoint and retire trustees/ directors? Do trustees/ directors follow the rules of your governing document and any other written rules?

- A Yes
- B No
- C Never

Question	Your notes and evidence	We need help with this
<p>10 Do you have enough active people on your governing board? Can you fill any trustee/ director vacancies quickly?</p> <p>A Yes B Sometimes C Never</p>		
<p>11 Do you make appropriate checks on all new trustees/ directors including asking all trustees/ directors to sign a declaration form confirming they are legally able to act as trustees/ directors and DBS (if appropriate)?</p> <p>A Yes B Sometimes C Never</p>		
<p>12 Do you give each new trustees/ directors an induction pack including a copy of your governing document, latest accounts, reports and minutes of last 3 trustees/ directors meetings, contact details of other trustees/ directors, latest business plan/ action plan and any other information new trustees/ directors need to know?</p> <p>A Yes B Sometimes C Never</p>		
<p>13 Do you manage conflicts of interest, discuss conflicts at each trustees/ directors meeting and have a written conflicts of interest policy?</p> <p>A Yes B No C Never</p>		

Question	Your notes and evidence	We need help with this
<p>14 Do you have all relevant Health & Safety Policies in place to protect Trustees/ directors and building users?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>15 Do you make all your annual returns to the Charity Commission, Companies House and/or other relevant regulators on time and notify of change including change of Trustees/ directors?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>16 Do you have clear aims and objectives? Do all trustees/ directors understand them?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>17 Do you have a clear and agreed vision for your organisation, work co-operatively to achieve this and value the different contributions of each member?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		

Question	Your notes and evidence	We need help with this
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18 Do you plan your activities and services to try to meet the needs of your local community and have an annual action plan with a budget?

A Always

B Sometimes

C Never

19 Do you have a written policy and systems in place to manage the money including managing the risk of fraud, paying trustee/ director and volunteer expenses, managing reserves?

A Yes

B No

C Not sure

20 Do you regularly receive and discuss financial information at trustee/ director meetings? Do all understand the financial reports?

A Yes

B No

C Not sure

Question	Your notes and evidence	We need help with this
<p>21 Do you produce examined or audited annual accounts, an annual report and report on your public benefit?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>22 Do you employ one or more workers?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>23 Do you have a written policy and procedures for recruiting, inducting, training, supporting and dismissing volunteers, written role descriptions for volunteers and use volunteer agreements?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>24 Do you have up to date safeguarding children and adults policies and procedures? Do trustees/ directors understand their responsibilities around safeguarding?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		

Question	Your notes and evidence	We need help with this
<p>25 Do you have up to date policies and procedures for:</p> <p>A Health & Safety</p> <p>B Data Protection</p> <p>C Equality & Diversity</p>		

<p>26 Do you have the right level of insurance? Are your insurance policies reviewed regularly?</p> <p>A Yes. We review it every year</p> <p>B Yes. We've never reviewed it</p> <p>C No.</p> <p>D Not sure</p>		
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Part 2 – FINANCE FUNDING

When you take over an asset, you need to be aware that you are taking on responsibility for the building/land including its ongoing repairs, maintenance and management.

Evidencing how your organisation can afford to sustain the asset is important as you will need to demonstrate this as part of the application process.

Question	Your notes and evidence	We need help with this
<p>1 Do you have a bank account?</p> <p>A Yes</p> <p>B No</p>		
<p>2 Do you have a system for handling cash?</p> <p>A Yes</p> <p>B No</p>		
<p>3 Do you have a system for paying regular bills?</p> <p>A Yes</p> <p>B Yes, but there are problems</p> <p>C No</p>		
<p>4 Do you have a system for recording income and expenditure?</p> <p>A Yes</p> <p>B Yes, but there are problems</p> <p>C No</p>		
<p>5 Do you have a budget?</p> <p>A Yes</p> <p>B No</p>		
<p>6 Do you understand the difference between restricted and unrestricted reserves?</p> <p>A Yes</p> <p>B No</p>		

Question	Your notes and evidence	We need help with this
<p>7 Do you have cash reserves?</p> <p>A No</p> <p>B Less than £5000</p> <p>C More than £5000</p>		
<p>8 Do you have a business plan?</p> <p>A Yes. Reviewed regularly</p> <p>B Yes. Out of date</p> <p>C No</p>		
<p>9 Do you have a number of significant different income streams (e.g. grants, membership fees)?</p> <p>A One</p> <p>B Two to three</p> <p>C Four or more</p>		
<p>10 What percentage of your income is at risk (i.e. likely to be withdrawn, come to an end) in the next 12 months?</p> <p>A More than 50%</p> <p>B 20% - 50%</p> <p>C Less than 20%</p>		
<p>11 Does your income currently cover:</p> <p>A 100% of your costs</p> <p>B 70-100% of your costs</p> <p>C Less than 70% of your costs</p>		

Part 3 - MANAGING PEOPLE

This section is all about staff and volunteers who may be a part of your organisation.

Question	Your notes and evidence	We need help with this
<p>1 Do you employ staff? Will you need help in the future to manage the asset?</p> <p>A Yes</p> <p>B No</p>		
<p>2 Do you involve volunteers or hope to?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>3 Do you have an effective and fair way of recruiting staff and volunteers?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>4 Do you have role descriptions for Staff & volunteers?</p> <p>A Yes</p> <p>B No</p> <p>C Not sure</p>		
<p>5 Do you provide an induction, support and supervision?</p> <p>A Yes</p> <p>B No</p>		
<p>6 Do you provide adequate training for the duties staff/volunteers have to perform?</p> <p>A Yes</p> <p>B No</p>		

13. Appendix A – Example of a cashflow

3-year revenue forecast

Rental income	Year 1	Year 2	Year 3
Funding-	£90,000	£120,000	£130,000
Private fees-	£25,000	£33,000	£78,000
Fundraising-	£2,000	£3,000	£4,000
Childcare-	£9,500	£9,500	£10,500
Weekly rental-	£500	£500	£500
Hall rental for evenings and parties-	N/A	£1,400	£2,700
Sub Total-	£127,000	£167,400	£225,700

3-year expenditure forecast

General running costs, legal and utilities	Year 1	Year 2	Year 3
Broadband & Phone	£1,200.00	£1,200.00	£1,300.00
Stationary/Printing	£400.00	£500.00	£650.00
Utilities- Minus water rates	£6,887.00	£7,020.75	£7,170.00
Insurance	£1,500.00	£1,500.00	£1,500.00
Office	£3,750.00	£3,875.00	£4,000.00
Cleaning Materials/ cleaners	£5,200.00	£5,200.00	£5,500.00
Business Rates	£4,656.00	£4,749.12	£4,844.10
Trade Waste	£500.00	£500.00	£500.00
Wages	£97,000.00	£128,000.00	£136,000.00
Water rates	£500	£500	£500
General maintenance	£4,000	£6,000	£8,000

Council Statutory compliance package	£3,000	£3,000	£3,000
Sub Total	£125,593.00	£159,044.87	£169,964.10
Operational summary	Year 1	Year 2	Year 3
Income	£127,000.00	£167,400.00	£225,700.00
Expenditure	£125,593.00	£159,044.87	£169,964.10
Surplus	£1,407.00	£8,355.13	£55,735.90

* The Year 2 total includes the carry forward (surplus/deficit) from the preceding year.

Example of a Capital Project

Capital projects driven by external funding availability and any carry over in revenue.

Capital	Year 1	Year 2	Year 3
Reserves for redundancy and building	£70,000	£36,800	£31,750
Sub Total	£70,000	£36,800	£31,750
Expenditure	Year 1	Year 2	Year 3
Solicitors Fees	£2,500		
Building electrical survey	£1,200		
Toilet Refurbishment	£2,000		
Disabled ramp			£35,000
Convector heater installation	£1,000		
Commercial washer/ Tumble Drier		£750	
Commercial cooker		£2,000	
New Windows	£10,000		
Front Door makeover	£3,000		

Capital	Year 1	Year 2	Year 3
Disabled Car Parking		£1,000	
New floor coverings	£3,000		
CTV		£500	
Intercom for back door		£1,000	
Main hall refurb	£2,500		
Roofer-gutters	£2,000	£1,000	£1,000
Website design	£4,000	£300	£300
Additional rooms refurb	£2,000	£1,000	£1,000
Subtotal	£33,200	£5,050	£37,300
Capital summary	Year 1	Year 2	Year 3
Income	£70,000	£36,800	£31,750
Expenditure	£33,200	£5,050	£37,300

14. Appendix B – Questions and answers

Some Frequently Asked Questions

What is the Council's preference on lease terms?

The Council is amenable to offer a term between 25 - 99 years depending on the asset and the strength of the Business Case. The lease would be a full, repairing and insuring basis. This means the community organisation will become fully responsible for the upkeep of the asset and is responsible for insuring it once the lease is active.

Will the Council undertake any work to a building before a lease agreement?

Prior to or shortly following the lease being completed, the Council may agree to undertake essential maintenance of the asset to ensure electrical and mechanical compliance. The community organisation would however need to take responsibility for any necessary improvement works to the asset and outline these intentions in any proposal. Prior to the work being undertaken, the tenant must obtain approval from the Council as landlord, outside of any other approvals (i.e. Planning, Building Control, Listed Building, Heritage)

Are there any conditions or restrictions on how the Asset can be used?

Leases will only be issued to organisations whose proposed activities are in keeping with the asset or land being considered and provide community benefit as part of their Business Case submission. Other conditions may be identified during the course of lease negotiations.

Would we be able to sublet?

Usually not on a commercial basis as this could undermine the original asset transfer. However, we understand the need to remain viable and therefore we know securing income from other parties via a hire charge may be necessary. As long as the other party is ancillary to the main use and based on a short term, we would support hiring arrangements. If a sublease is required to ensure sustainability, and for example if external grant funding is being proposed, we can consider this on a case by case basis.

In the event of a change in Equality Act or Fire, Health and Safety legislation, potentially requiring costly upgrades to the asset, would the Council be able to support the organisation with those costs?

The Council's preference is for a full, repairing and insuring lease agreement, which places the responsibility on the tenant to maintain the facility in accordance with current and emerging legislation. The rent basis of the CAT is usually at £1 (if demanded) and therefore the tenant will seek other funding opportunities to ensure the asset remains compliant.

What happens if my community organisation has to cease operating during the term of the lease?

The Council's assessment process will be thorough to ensure that only those community groups that have demonstrated the necessary capability should enter into CAT. The Council

recognises however that unforeseen events can arise, and in these circumstances would work with the Group in the first instance to help resolve any interim difficulties.

Any subsequent requirement for the Group to cease operating and be released from the CAT would be subject to the terms set out in the lease agreement.

If the Council's intention towards the asset changes during the term of a lease, what period of notice would be given?

Whilst the Council does not anticipate a significant change in policy in respect of when an asset is transferred, it will be important when engaging in lease negotiations for both parties to reach a reasonable agreement on the circumstances and timeframes should notice to cease the lease agreement be necessary. Standard break terms may be included in the lease or through negotiation an agreement reached if surrender is required.

Where can I find information, funding and support?

Please contact Sector Support, North East Lincolnshire, for free advice and guidance when considering a potential CAT.

Website: <https://www.sectorsupportnel.org.uk/>

How do I contact Council Officers regarding a CAT?

Please contact a member of the Estates and Business Development Team:

Email: assets@nelincs.gov.uk

Website: <https://www.nelincs.gov.uk/your-council/localism/>