

Considering Community Asset Transfer

For information purposes only. Not to be used as a substitute for appropriate legal and/or specialist advice.

Introduction

Community Asset Transfer (CAT) involves the transfer of management and/or ownership of buildings or land from a public sector body (frequently the local authority) to a voluntary or community organisation such as a local charity, a community interest company or an industrial and provident society. The transfer can either be freehold, or more commonly, on a long lease.

This factsheet sets out the key considerations for an organisation contemplating CAT. It should not replace appropriate professional and independent advice.

Further information:

Locality

www.mycommunityrights.org.uk

Community Matters

www.communitymatters.org.uk

Local development & support agencies

www.mvda.info

www.rcvda.org.uk

www.srcga.co.uk

www.teesvalleyrcc.org.uk

Ten top tips

- 1. Evidence the need.** What do you want to use the building or land for? The first step should be to gather evidence of need and/or community support and to show how the local community will benefit from the transfer.
- 2. Assess whether the land or building really is an asset.** If enough income cannot be generated to fund the running and maintenance it will become a liability.
- 3. Ensure your organisation is fit for purpose.** What is its legal status? Is it right for the job? Are you following best practice in managing your affairs? Do you have the right people with the right skills on your management committee?
- 4. Ensure the building/land is fit for purpose.** It is advisable to have an independent condition survey (including photographs) so that you know exactly what you will get if the transfer goes ahead.
- 5. Develop a robust business plan** to demonstrate financial viability. Will the project be sustainable in terms of both finances and the additional commitment needed by the organisation, its board and volunteers?
- 6. Consider the costs of ownership.** Thorough costings should include repairs and upgrading identified by the condition survey, a ten year maintenance schedule, insurance, rates, water and sewerage charges, energy costs and cleaning and caretaking wages.
- 7. Consider any necessary capital costs.** Where will you source funding for purchase or adaptations? Grant funders will generally not consider an award for anything less than a 25 year lease.
- 8. Read your Council's CAT Policy** it sets out the rules of the game!
- 9. Community Right to Bid.** A building may be offered for transfer or you can express an interest in one. The Community Right to Bid gives communities the power to nominate a building or land they are interested in acquiring.
- 10. Read the small print.** What kind of asset transfer would best suit your needs? You may not have choice about what is offered, but it is important to understand what you are signing up to. You should seek independent legal advice.