



Cabinet
22 May 2017

**Report from the Director of
Performance, Policy & Partnerships**

Wards Affected:
All

Review of Community Asset Transfers Policy

1. Introduction

- 1.1 The 2015 refresh of Brent's Property and Asset Strategy introduced proposals for Community Asset Transfer (CAT), enabling the transfer of land or buildings from the Council's freehold or leasehold ownership into the stewardship of Third Sector Organisations (TSOs). This report reviews the operation of the council's CAT policy and its intended goals since July 2015. It looks at the fourteen applications received and explores the availability of further potential assets for transfer.
- 1.2 In doing so the report takes into account the views of key stakeholders, including TSOs who have showed interest in or been through the CAT application process, as well as external partners and officers of the council. The report finds that the CAT policy is not meeting its objectives, and recommends that the council discontinues the existing CAT process in favour of marketing all council assets in the usual way.

2. Recommendation

- 2.1 For Cabinet to:
- i) Approve the discontinuation of the Community Asset Transfer scheme from 31 May 2017.

3. Overview

- 3.1 Community Asset Transfer (CAT) is the transfer of land or buildings from the council's freehold or leasehold ownership (subject to appropriate approvals) into the stewardship of third sector organisations (TSOs). It was first introduced nationally in 2003, and was further encouraged over subsequent years as a means of achieving various key objectives; including active citizenship, improved wellbeing and economic regeneration.
- 3.2 In the 2015 refresh of Brent's Property and Asset Strategy, the council introduced proposals for Community Asset Transfer, to achieve a number of potential benefits from this. The council was clear that TSOs could be better-placed than the council to manage these assets in local communities, with their local knowledge and hands-on management likely to lower overheads and achieve better and more intensive use from the assets than might be the case under traditional models of service delivery.
- 3.3 CAT would also support the delivery of service outcomes which otherwise would be unaffordable, by reducing TSOs' dependence on grants and providing them with opportunities to access funding and

financing which the Council may be unable to access, and even to secure loan finance against the value of assets. Additionally, there was the benefit of empowering local communities and putting local organisations in control, to encourage a sense of pride of place and generate wealth in Brent's communities.

3.4 Brent's CAT policy outlines a framework for the identification and transfer of council assets to TSOs, to enable them to be sustainably managed. It encourages TSOs to approach the council with proposals for assets by submitting expressions of interest (EOIs) for use which supports Borough Plan 2015-19 priorities.

3.5 The CAT policy is underpinned by five principles:

- CATs should support the priorities of the Borough Plan;
- Organisations that benefit from the transfer should be credible, constituted, and financially viable with a clear business case;
- The services and building should promote equality and community cohesion;
- All opportunities should be advertised; and
- Buildings should be transferred on a repairing leasehold basis.

4. Applications to date

4.1 Since the policy was agreed, 14 expressions of interest have been received from 13 TSOs via the Community Initiated Transfer process in respect of 10 properties. The table below summarises these:

Asset	Ward	Applicant	Application status
Gladstone Park Pavilion	Mapesbury	Kilburn Cosmos RFC	Approved
		Harlesden Ummah	Unsuitable
Tenterden Pavilion	Kenton	Forest United FC	Approved
		London Muslim Cultural and Recreational Charity (LMCRC)	Approved
Wembley Youth and Community Centre	Wembley Central	Wembley Crime Prevention	Unsuitable
		Asian People's Disability Alliance	Unsuitable
King Edward VII Park buildings	Preston	Ansar Youth Project	Unsuitable
Kingsbury Resource Centre	Fryent	Oshwal Association of the UK	Unsuitable
		Asian People's Disability Alliance	Unsuitable
Butler's Green Toilets	Sudbury	Sudbury Neighbourhood Centre	Approved
Northwick Park Pavilion	Northwick Park	Parnells Gaelic Football Club	Approved
Barham Park Card Room	Sudbury	Tamu Samaj UK	Approved
Church Lane Recreation Ground	Fryent	Shree Swaminarayan Sidhant Sajivan Mandal (SSSSM), London	Under assessment
The Old Refectory, Central Middlesex Hospital	Stonebridge	Asian People's Disability Alliance	Ineligible

- 4.2 Four properties have been approved by Cabinet for marketing as CATs: Gladstone Park Pavilion (Kilburn Cosmos clubhouse); Tenterden Pavilion; Northwick Park Pavilion and Butler's Green toilets. However, authority to market Northwick Park Pavilion was subsequently withdrawn by Cabinet in January 2017 owing to its inclusion in the One Public Estate programme. A fifth property, Barham Park Card Room, was approved for marketing under the council's CAT policy by the Barham Park Trust Committee in July 2015.
- 4.3 Four properties have been identified as unsuitable for CAT: Kingsbury Resource Centre, Wembley Youth and Community Centre, Church Lane Recreation Ground and King Edward VII Park buildings. This has been on the basis they had already been marketed through regular property channels at the time of the CAT submission. The Old Refectory in Central Middlesex Hospital property is ineligible as it is not council-owned.
- 4.4 In addition to this, one property - Welsh Harp Environment Education Centre - was identified for CAT as part of a council initiated service review and leased to Thames 21 in January 2016.

5. Consultation and views from stakeholders

- 5.1 In reviewing the CAT process, views from a range of stakeholders were sought, from CVS Brent, TSOs and from within the council. These included:
- A focus group with individuals who had submitted EOIs for CAT
 - Two focus groups with individuals who had attended CVS Brent's CAT training but who had not submitted EOIs
 - Questionnaires to organisations which had submitted EOIs, and to those which had attended the CAT training but not submitted EOIs
 - Feedback from CVS Brent, and
 - Meetings with relevant colleagues in the council's Strategic Property service (including the head of the service, the Commercial Portfolio Manager and the Estate Surveyor).
- 5.2 Views expressed by TSOs and CVS Brent indicate that the process and tools as they currently operate are not regarded as offering strong prospects for securing accommodation. Focus groups indicated some key issues, which included:
- The difficulty for small TSOs in meeting the policy's requirements for legal constitution and financial viability, as well as in having the capacity to undertake feasibility work
 - The length of lease offered (seven years) being too short to provide certainty and stability
 - The risk to applicants which is entailed by the requirement for CATs to be advertised on the open market
 - The lengthy timescales of the process, and
 - A lack of clarity about the council's views of properties' suitability for CAT, and general communication prior to submission of an application.
- 5.3 A number of these issues were echoed by CVS Brent in its feedback to the council. It supported in particular the views that clarity of properties available for CAT, and the length of leases were issues, as well as pointing to additional ones, such as problems with the online application system for submitting property applications.
- 5.4 As mentioned above, CVS Brent offers advice and training to organisations which may wish to submit CAT applications, and representatives made clear that demand for this training has fallen significantly in recent months. In setting out the likely reasons for this, they pointed primarily to the view amongst TSOs that the CAT process was neither quick, nor easy to complete – and the issues identified above are clearly factors in this. In addition, however, was the understanding that the council did not have many viable assets which it was likely to offer via CAT; and that those properties which it did offer were likely to require investment that few TSOs were able to commit.
- 5.5 Officers in the council's Strategic Property service recognised issues with processes identified by

TSOs and CVS Brent. In relation to criticisms of the principle of marketing CATs, there was a view that this broadly had enabled the council to get the best deals, and the strongest applicants, amongst TSOs. Furthermore, it had avoided potential unfairness in supporting only specific TSOs which actually made applications.

- 5.6 However, there was the recognition that the council has few assets of good quality to offer via CAT, meaning that TSOs were largely not benefiting from the existence of the policy at present. The process itself was also resource-intensive for the council, and so the overall value of the process was questionable.

6 Analysis and conclusions

- 6.1 The success of CATs across the country has generally been limited and securing benefits for communities has been challenging. Lambeth and Bristol are two authorities at the vanguard of the CAT process. Their process differs in that once a TSO's initial application has been endorsed, they work with that TSO to develop the full application. Despite this, and the offer of a 25 year lease or freehold transfer, take-up in Lambeth has not been significantly greater than Brent. Bristol's has enjoyed a greater degree of success though principally by having a considerably larger number of properties to offer.
- 6.2 Barnet has opted to use their CAT process to review the tenancy of existing council properties. In Brent, occupants of such properties appear reluctant to opt for CAT for fear of losing out to rival organisations during the open marketing process. Whilst a similar strategic review could be a future option for Brent, the CAT process may not be the best forum for conducting it.
- 6.3 From the consultation with Brent TSOs, partners and officers in March 2016, the evidence indicates the CAT policy does not meet the intended goals of enabling better management of assets, enabling more effective delivery of Borough Plan outcomes by TSOs, and empowering local communities. Some of the issues identified concern the supporting processes and tools, which can make applying for CATs more difficult for TSOs. These include the accessibility of information on assets eligible for CAT, and communication between TSOs and the council in relation to CATs. These could be resolved with relatively straightforward operational changes.
- 6.4 However, other factors also discourage some TSOs from CATs. These include choices that the council has made about policy and its underpinning principles, such as criteria for applicants, open marketing of CAT opportunities, and the length of leases offered. They also include lack of capacity in smaller TSOs, limiting their ability to successfully engage in a CAT. Overall, contrary to empowering local organisations, these factors have served to exclude them and discourage them from taking up potential opportunities to engage with the council. The original ethos that a straightforward Expression of Interest is sufficient to kick start the CAT process has been lost, with applicants expend considerable time and resources in developing a full property bid from the outset.
- 6.5 The most important factor, however, is the lack of high quality assets available for CAT in Brent. The Strategic Property Plan currently lists just three properties available: Chalkhill Police Office, Welford Centre (Units 1-3) and the Millennium Day Centre. Moreover, those that are made available are of low quality, meaning that local TSOs - which are best-placed to realise the community benefits of CAT - are left with poorer accommodation, or else are less likely to apply because they are unable to commit the investment required to bring assets up to standard.
- 6.6 The discontinuation of the CAT scheme from 31 May 2017 would see no further applications accepted for submission. However, the four properties already marketed or approved for marketing will continue to be supported throughout the remainder of the process.

Property	Status
Barham Park Card Room	Property application approved. Lease to be signed with Tamu Samaj UK
Butler's Green Toilets	Property to be marketed as a CAT opportunity
Gladstone Park Pavilion	Property application approved from Kilburn Kosmos RFC
Tenterden Pavilion	Property application approved. Lease to be signed with Wembley Education Charitable Trust

7. Financial implications

- 7.1 There are no immediate direct financial implications, as both officer time spent on the CAT process and on disposing assets is within existing budgets. However, disposing council properties is more likely to generate capital receipts that could be used to support the Capital programme, as it is not restricted by CAT criteria. Furthermore, those attracted to the change in the process are more likely to have the fiscal capacity to invest in the assets.

8. Legal implications

- 8.1 The Council is able to transfer property at an undervalue in accordance with the provisions of the General Disposal Consent 2003 provided that the purpose for which the land is to be transferred is likely to contribute to the promotion or improvement of the economic, social or environmental well-being of the area.
- 8.2 However, the Council also has a duty to follow normal and prudent commercial practices when disposing of its interest in property. Clearly this duty is built into the CAT policy and it has been evidenced that it is the policy and its underpinning principles which seem to discourage the TSO from applying for CATs.
- 8.3 If the CAT properties are to be sold on the open market, there should be a clear policy on how the Council intends to assess which properties will be sold and why the property should be sold rather than using the property for some other purpose.
- 8.4 The Local Government Act 1972 imposes a statutory duty on the local authority to dispose of properties or lease for a term in excess of 7 years for the best consideration reasonably obtainable.

9 Equality implications

- 9.1 There are no equality implications arising from the discontinuation of the CAT policy. TSOs will continue to be able to bid for marketed council assets in the usual way. The application process includes a detailed equalities assessment based on full business plans.

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