

# Communities Scrutiny Commission

## 27 February 2024



**Report of:** John Smith, Executive Director Growth & Regeneration

**Title:** Community assets update

**Ward:** Citywide

**Officer(s) Presenting Report:** Peter Anderson, Director of Property, Assets and Infrastructure  
John Bos, Property Partner, Neighbourhoods and Communities

### **Recommendation:**

That the Communities Scrutiny Commission notes the latest update report and considers how the current approach to community asset transfers could be improved.

### **The significant issues in the report are:**

This report presents an overview of the existing process for Community Asset Transfer and sets out some areas where changes and improvements could potentially be made.

The report highlights good examples of recent CAT transactions that demonstrate good collaboration, effective partnership working and achieving good social value outcomes.



## 1. Summary

Community assets are essential for the delivery of services and activities by community-based organisations in Bristol. They are not directly managed by the council and don't produce significant rental income, but they contribute greatly to the overall community infrastructure in the city at minimal direct cost to the council. The way in which assets are allocated to and managed by VCSE sector organisations is well established, but should be reviewed in the light of the changing needs of local communities, the council's priorities, and the emerging committee system.

## 2. Purpose

- 2.1 The current CAT process came into effect in 2010, when the first [CAT Policy](#) was adopted. It has evolved gradually over the years, and it mainly deals with 'renewals' (property assets that are already in community use) and with assets that have newly become available for community use, eg because they were declared surplus to the council's operational requirements.
- 2.2 In both cases, details of the CAT opportunity are advertised on the website and template forms are provided for expressions of interest. The exception to this is when a VCSE organisation already occupies the property and applies for a new lease.
- 2.3 The test that all CAT applicants need to meet: the eligibility criteria, a [summary](#) of which is on the website and full details are set out in [the Policy](#). All applicants need to demonstrate that they have the necessary expertise and that their proposals are financially viable and deliver social value. Each asset transfer should provide tangible benefits to the local community by: providing community infrastructure, delivering community-based activities, generating wealth, and encouraging pride of place. In addition, applicants also need to provide evidence that they meet the pre-VISIBLE quality standard and the council's [Baseline Standards](#).
- 2.4 Assessing the social value of a CAT transaction requires a bespoke approach, depending on the size and value of the asset. In some cases, this will consist of calculating the GVA (gross value added) to the local economy. In other cases, we seek to calculate the local social, environmental and economic value from the proposed new use of the property, eg by using the Council's TOMS template which is used by bidders as part of the procurement process for capital works. Although the TOMS valuation does not directly convert into £s monetary value, it provides a transparent breakdown of the specific measures, and a useful proxy valuation of the overall social value offer.
- 2.5 Application process: a two-stage process is used for all applications. Stage 1 consists of an expression of interest. An application for an asset that is not available for CAT or not deemed suitable by the CAT Group is normally refused at this stage, eg when an asset is part of the commercial property portfolio. Refusal can also apply to applications that request conditions that are contrary to the Policy or other BCC policies or strategic aims. Applicants are always encouraged to discuss their aspirations with the service that is most closely aligned to the asset or use, and to seek political support from Ward Members. Officers in Property work closely with colleagues in the Neighbourhoods & Communities team and other relevant services to engage with applicants at the earliest possible stage, so that Stage 1 refusals are minimised. Stage 2 requires a full business plan, projected budgets, and supporting

information. Only applications that have been approved at Stage 1 can be considered at Stage 2, there is no fast-track process.

- 2.6 Decision-making process: decisions at both stages are made by the CAT Group, which is chaired by the Executive Director of Growth and Regeneration and consists of officers and members. Currently, the Cabinet Member for Finance and the Cabinet Member for Communities & Public Health are part of the CAT Group. These roles need to be reviewed under the new Committee System.
- 2.7 Applications for CAT are only considered for leasehold transfers, not the transfer of the freehold ownership of assets. The maximum duration of leases will depend on the level of capital investment that the CAT tenant will be able to attract. The maximum term is 35 years. CAT leases for a longer duration will only be considered in exceptional circumstances, with decisions made by Cabinet rather than the CAT Group.
- 2.8 CAT leases are linked to a Service Agreement which secures a range of non-monetary and social outcomes for the duration of the lease. This Agreement enables the council to reduce the rent for as long as the tenant delivers the agreed social outcomes. The level of rent will depend on the asset's physical condition, its income generating potential, and the anticipated social outcomes. It usually ranges between a peppercorn and two-thirds of the market rent. Continued non-compliance with the Service Agreement will enable the council to impose a full market rent or terminate the lease.
- 2.9 Having a transparent and inclusive CAT process creates a level playing field for all CAT applicants. Both the 'ask' and the 'offer' are clearly set out in a prospectus document for each new CAT opportunity. A recent example of this can be viewed on the website for the new [St Peter's Community Centre](#). All available information is published and visible to anyone interested in applying for CAT, and for local communities and potential partners to see.
- 2.10 The CAT process is managed by Property Services. Officers in the Neighbourhoods and Communities division input into the process at various stages. The views of other council services are also sought, where applicable, e.g. the Parks Service, Children & Young People Services (for adventure playgrounds and youth facilities), Arts & Culture, and Housing Services (for assets that are part of the HRA). The views from local ward members are sought and included in the final report. For larger or more prominent assets, an evaluation of the business plan and accounts is provided by the Corporate Finance team.
- 2.11 CAT is an integral part of the effective management and approach to property assets. This is reflected in the current property strategy which covers the property portfolio of operational assets, investment and development. The strategy is under review, taking the learning and benefits achieved by the Property Transformation Programme introduced in June 2023.
- 2.12 The following points capture areas under consideration for CAT within a revised strategy:
  - Council's operational requirements and the needs of local communities should be a key driver for CAT.
  - all CAT service agreements should be regularly monitored to ensure that the social value outcomes are being maintained.
  - there is no legislation that compels BCC to engage in CAT and the Policy needs to be clear that CAT is discretionary.
  - 'meanwhile use' can be a valuable tool when disposing of surplus assets and should be considered, but clear guidelines are needed.

2.13 Current role of Neighbourhoods and Communities Service: Community Development officers are invited to comment on individual CAT applications at both Stage 1 and Stage 2 of the process and they feed into the CAT process on an ad-hoc basis. Regular discussions about community asset issues take place between Property Services and Community Development officers. The Head of Service for Communities is a member of the CAT Group and is directly involved in the decision-making process.

2.14 It is important that the Neighbourhoods and Communities Service continue to have a key role in supporting communities to understand the role of CAT and help them to engage in the CAT process. VCSE organisations are a crucial part of what makes Bristol such a creative, dynamic, and progressive city. Our policies and decision-making processes need to be transparent and we need to work collaboratively with VCSE organisations and City Partners in using community assets to address disadvantage and create fairness. Colleagues in the Neighbourhoods and Communities Service have direct contact with local communities, with community anchor organisations, and with the many VCSE organisations that already use and manage community assets. They are best placed to strengthen these relationships and ensure that CAT transactions benefit the communities where they are most needed.

2.15 In summary, working with the Communities Team creates potential for:

- Developing a consistent / strategic approach to community impact and the long-term building of resilient communities as a key outcome e.g. developing an approach to Community Asset Transfer where social value is integral to the financial modelling; enabling and encouraging community leadership
- Developing a partnership with the community and voluntary sector with the aim of safeguarding civic and community spaces and identifying strategic gaps for development
- The Communities Team to act as a bridge between communities/community and voluntary facilitating effective communication and joint working
- Developing a 'front door' to communities who have asks of the council in terms of land and buildings
- Community assets can help VCSE organisations in making the 'shift from asking to earning' by removing uncertainty, reducing grant dependency, attracting sustainable social investment, and generating unrestricted income from trading to help build back better.

2.16 CAT statistics for the past five years:

- Since January 2019, 38 CAT transactions have been approved, of which 33 have been fully completed and 5 are in progress. Please see Appendix A for details of lease duration and uses.
- List of current community assets, showing names, locations, description, rent values, and total concessionary value: please see EXEMPT Appendix B.

2.17 Case studies and reflections on lessons learnt:

- Hartcliffe City Farm – see Appendix C
- Jacob's Wells Baths – see Appendix D
- The Coach House – see Appendix E

### 3. Policy

3.1 Current [CAT Policy](#): This was adopted by Cabinet in 2010. It introduced a clear set of eligibility criteria and a generic process by which applications are considered. It created both transparency and consistency.

3.2 Since the Policy was adopted in July 2010, 85 CAT transactions have been approved, of which 80 have been completed and 5 are in progress.

3.3 What works well in the current Policy:

- standardised approach: all requests for a property at less than full market value are treated equally; before the CAT Policy, large variations between concessionary leases existed.
- published eligibility criteria & process create transparency and trustworthiness: an applicant will know all details of eligibility and the process upfront.
- the linked Service Agreement provides an effective control mechanism. It ensures that social value is delivered from the asset over the entire lease term; it also provides a 'positive user clause', which ensures the asset cannot become dormant or left underused.
- each CAT request is evaluated in terms of financial viability: this helps to ensure leases are not granted to organisations or projects that may have interesting social outcomes but that don't have a robust business plan.
- two-stage process: CAT requests that are for assets that are not suitable or available are prevented from progressing; this saves time/resources for both applicant and BCC.
- clear decision-making process: prior to CAT, a mix of political and delegated decisions was used, often lacking clarity, sometimes inconsistent and occasionally based on political or personal preferences.
- CAT applicants need to meet a minimum quality standard: initially, applicants often perceive this as 'cumbersome' or 'red tape', but by the end of the CAT process almost all applicants remark how constructive and useful this insistence on a minimum standard was for them; this has helped to increase standards and organisational capacity across Bristol's third sector.

3.4 Areas for improvement to the Policy could potentially include:

- measuring Social Value: an easy-to-use social value tool is needed and should be incorporated into the application process for CAT; the value to the community should be captured so that it can be measured at periodic review meetings with the CAT tenant.
- including an option of freehold sales at full market value: these should be restricted to VCSE organisations that have funding to acquire a freehold asset, possibly linked to the Community Right to Bid.
- removing the 'first refusal' option (2.3 in the Policy): this should be treated solely through the Community Right to Bid.
- unsuitability of certain assets for CAT: more clarity is needed on assets that are excluded from CAT, eg HRA assets or properties that form part of the commercial estate.

#### 4. Consultation

##### a) Internal

No formal consultation has taken place as part of producing this report, but it contains input from the Neighbourhoods & Communities Team.

##### b) External

Not applicable

#### 5. Public Sector Equality Duties

- 5a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:
- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
  - ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
    - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
    - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
    - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
  - iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
    - tackle prejudice; and
    - promote understanding.
- 5b) This report is for information only.

#### Appendices:

- Appendix A: List of CAT transactions during the past five years
- Appendix C: CAT case study of Hartcliffe City Farm
- Appendix D: CAT case study of Jacob's Wells Baths

Appendix E: CAT case study of The Coach House

**Exempt appendices:**

Appendix B: List of current community assets

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

**Background Papers:**

None