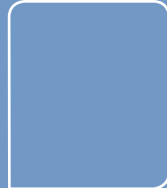


tackling worklessness

a series of 'how to' guides
for councils and their partners

unlocking community assets
to deliver on worklessness



1. why transfer assets to third sector organisations?

Local government has been estimated to own approximately £239bn of fixed assets (that is land and buildings)¹. This portfolio will include vacant and under-used community land and buildings whose potential could be unlocked through transferring them to third sector organisations (TSOs) in order to support them in addressing local issues such as high levels of worklessness.

2. why are physical assets important?

TSOs, especially those that are smaller in scale, are often under-capitalised and can lack a secure base from which to operate. Being able to use land and property as a means of securing loan or equity funding can enable such organisations to avoid a dependency

on grants and become financially independent. A central thrust of guidance on asset management to councils is that they should use assets in order to help achieve their strategic aims as set out in the local area agreement and the Sustainable Community Strategy. When implemented in a way that effectively mitigates the risks involved, asset transfer to TSOs can be a way of doing this.

3. what is meant by community asset transfer?

Community asset transfer is defined as: “The legal transfer of ownership or management of a building or a piece of land from a public sector body to a third sector organisation”². In practice, the term asset transfer refers to a spectrum of approaches from gifting buildings or land at no cost, to disposal at full value while protecting the asset from the market for a period to give the TSO time to develop a bid.

1 *Building on Strong Foundations*, Communities and Local Government (2008) <http://www.communities.gov.uk/publications/local-government/assetmanagement>

2 *Managing risks in asset transfer: a guide*, Communities and Local Government (2008b) <http://www.communities.gov.uk/publications/communities/managingrisks>

4. what is the legal context for asset transfer?

This is contained under Section 2 of the Local Government Act 2000, whereby every local authority has the power to undertake actions which contribute to the economic, social or environmental well-being of the area.

The specific provision for asset transfer is provided under the Local Government Act 1972, as amended by the General Disposal Consent (England) 2003 which allows councils to transfer assets at below market value without needing the consent of the Secretary of State, provided that the undervalue is less than £2m and the transfer would contribute to economic, social or environmental policy goals. Community asset transfer should only be pursued where it represents good value in terms of generated social benefit. A number of tools exist for assessing social value. Further information is included in the resources section at the end of this guide.

5. how can community asset transfer contribute to tackling worklessness?

TSOs can do this in four main areas:

- providing paid employment in organisations such as social and community enterprises, worker co-ops and social firms
- providing assistance to the most marginalised in dealing with barriers to employment such as debt, substance abuse and lack of childcare, as well as advice and outreach support which may then facilitate access to mainstream services such as those provided by Jobcentre Plus or the Learning and Skills Council (see **Guide 5** on outreach support)
- giving opportunities to gain experience through subsidised work and training as part of Intermediate Labour Market (ILM) schemes, and as sources of pre-employment training and experience gained through volunteering

- generating revenue streams for local community regeneration projects which themselves can make a contribution to tackling worklessness.

Further information is provided in **Guide 9** on capturing the resource and job generation capacity of the third sector.

Community asset transfer can help TSOs carry out the above functions by providing them with a physical asset against which loans or equity finance can be raised and as a base for enterprise cultivation, income generation and service delivery.

examples of TSOs that use land and property assets to tackle worklessness:



case study 1

West Itchen Community Trust, Southampton

In October 2002, Southampton City Council agreed to transfer two commercial sites to West Itchen Community Trust. The trust works to offer support to local businesses and the third sector. Since its creation, the trust has given one-to-one business coaching to over 50 local people, helped start 12 new businesses (which created 20 new jobs), and supported a further 12 existing businesses.

<http://wict.lcbroadband.co.uk/>

case study 2

Halifax Opportunities Trust

This trust was established as a community-based regeneration charity in Halifax, West Yorkshire, in 2000 and operates from a redundant mill building transferred from Calderdale Council via Yorkshire Forward RDA (regional development agency). Trust activities include providing managed workspace for start-up and established enterprises, providing business support and training, helping people into employment and managing a children's centre.

<http://www.regen.org.uk/>



6. steps for councils

Take a strategic approach to community asset transfer

The review of community asset transfer carried out by Barry Quirk, chief executive of the London Borough of Lewisham³, showed that while there had been a number of successful asset transfers around the country, these represented largely isolated examples of good practice. Councils had, by and large, not approached asset transfer in a strategic, systematic way, and this had led to inconsistencies and a lack of transparency and openness. It had also meant that asset transfer was not being used as effectively as it could be in order to help tackle local problems such as worklessness.

In order to ensure that community asset transfer effectively underpins an area's strategic priorities, it is important that it is owned by all departments and not seen as a property only issue. Asset transfer should be clearly linked to local priorities as enshrined in the Sustainable Community Strategy

³ *'Making Assets work: the Quirk review of community management and ownership of public assets'* Communities and Local Government (2007) <http://www.communities.gov.uk/publications/communities/makingassetswork>

and the LAA, and related to areas of need for community space within localities. A growing number of councils have developed asset transfer frameworks which set out the type of assets to be considered, the form that transfers will take, and include a transparent process which TSOs will need to navigate in order to successfully take on an asset⁴.

4 *Asset Transfer Unit* The Asset Transfer Unit is a new resource, funded by Communities and Local Government and based at the Development Trusts Association, which offers information, advice, guidance and referrals to promote and facilitate community asset transfers.
<http://www.atu.org.uk/>

case study 3

Birmingham City Council asset transfer strategy and framework

Birmingham City Council has developed a cross-directorate partnership approach that has resulted in a positive attitude towards asset transfer by officers. The authority's approach is closely aligned with local priorities as set out in the authority's LAA and Sustainable Community Strategy. The council now has a draft strategy and framework for considering asset transfer to third sector organisations, a protocol which reflects some of the learning from the pilots, and is looking at ways in which this can be embedded and mainstreamed within the council.

<http://www.dta.org.uk/activities/campaigns/communityassets/advancingassets1/assettransfercasestudies/LAcasestudies/BirminghamLA.htm>

developing social enterprise using procurement

Councils can help make community asset transfer projects financially sustainable by using the buildings as a base from which to deliver local services. There are a number of examples of social or community enterprises that generate income by delivering services such as personal social care, community transport or neighbourhood management. See Guide 5 on outreach support and Guide 9 on the role of the third sector in tackling worklessness.



case study 4

Goodwin Development Trust, Hull

Hull City Council granted Goodwin Development Trust a 125-year lease on a former council building in 2000 for the price of £1 provided that the new Goodwin Centre was used for community benefit. Goodwin has since grown into a community enterprise with assets of around £10m which manages local authority service contracts on, for example, neighbourhood management. All surpluses are reinvested in local community projects. Staff numbers at the trust currently total 341, of which 75 per cent come from Hull itself. The trust is one of the city's major employers.

<http://www.goodwintrust.org/>

adopt clear criteria which help evaluate and minimise risks involved

Councils should develop clear criteria for assessing proposals from TSOs to take on assets. Such criteria can help evaluate the risks involved and include ways of minimising them. The extent to which proposals contribute towards achieving policy goals such as reducing worklessness should be among the criteria used. A guide to managing risks in asset transfer was published by Communities and Local Government in 2008².

case study 5

Lewisham Asset Transfer Framework and Checklist

The London Borough of Lewisham's asset management board, together with the Stronger Communities Partnership LSP board, has developed a set of criteria for assessing proposals for community asset transfer. This includes current and potential use, likely benefits including contributing towards economic development and social enterprise aims and service improvements, as well as potential risks.

[http://www.lewisham.gov.uk/
NR/rdonlyres/90C26E62-00CB-
4069-BE4C-6F0C20F53B19/0/6bb
bd0dc1d5a440186fd90166f4010
74Item7appendix9July2008.PDF](http://www.lewisham.gov.uk/NR/rdonlyres/90C26E62-00CB-4069-BE4C-6F0C20F53B19/0/6bbbd0dc1d5a440186fd90166f401074Item7appendix9July2008.PDF)



adopt a long-term partnership approach and implement a capacity building support plan

TSOs vary in terms of their skill and capacity to manage property. Some may require support and capacity building in areas such as:

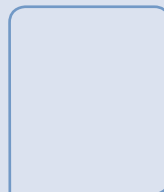
- using transferred assets as a base from which to deliver council service contracts in order to provide a revenue stream
- providing an endowment to cover pre-existing maintenance backlogs, retaining maintenance liability within the council or sharing elements of this during a transition period
- agreeing a long-term capacity building plan which develops TSO skills in certain areas, for example health and safety, and business planning

case study 6

Kirklees Metropolitan Borough Council Community Buildings Forum

This council splits maintenance responsibilities for its community centres, which are all managed by charities, between it and the managing organisation. It also gives grants to the charities to cover a proportion of management costs. Groups are also able to apply for capital funding for repairs.

community.work@kirklees.gov.uk



- using partnership or service level agreements in order to clarify responsibilities for services and maintenance using programmes run by national support organisations such as the Development Trust Association or Community Matters which can link TSOs with organisations that have already gone through the process and can offer mentoring and advice
- use physical assets as a means of cultivating local enterprise and job creation.

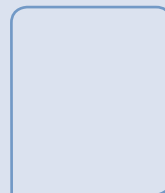
Physical assets transferred to TSOs can become a base for community enterprise, generating employment and local investment that councils themselves may not be able to access. Councils such as Leeds City Council have successfully used the transfer of vacant and underused assets to community organisations to promote enterprise and job creation initiatives.

case study 7

Tiger 11 Community Enterprise, Hillside, Leeds

Leeds City Council's bid under the Communities and Local Government Local Enterprise Growth Initiative (LEGI) involved the establishment of a network of community enterprises operating from transferred ex-council buildings. One of these is Tiger 11 which operates from a former school in Hillside where it provides managed workspace and serviced office space to let.

http://www.tiger11.org.uk/index.php?option=com_content&view=article&id=49&Itemid=61



top tips

have a clear point of contact within the council for community asset transfer

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see asset transfer as a means of contributing towards local policy objectives rather than an end in itself

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anticipate and manage risks in partnership with the TSO

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have an open, transparent process for assessing proposals for asset transfer

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include community asset transfer as an option within standard options appraisal processes and develop clear procedures for measuring social value alongside financial return.

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7. glossary

- **Intermediate Labour Market (ILM) schemes**

Schemes which create a bridge between unemployment and mainstream employment by providing subsidised employment on at least the minimum wage, and work-focused training

- **Service level agreement**

A service level agreement sets out the actions or outputs that a party will provide as part of an agreement

- **Third sector organisations**

Third sector organisations are defined by the Office of the Third Sector as: “Non-governmental, value-driven, and principally reinvesting any financial surpluses to further social, environmental or cultural objectives”. The term encompasses voluntary and community organisations, charities, social enterprises, co-operatives and mutuals, both large and small

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INVESTOR IN PEOPLE

©IDeA – March 2009

ISBN 978-0-7488-9259-4

written by Tony Rich

Text printed on 100 per cent recycled paper.
Printed using vegetable based inks.

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L09-164

Produced by Liberata Design and Print Studio



Local Government Association

The Local Government Association is the national voice for more than 450 local authorities in England and Wales. The LGA group comprises the LGA and five partner organisations which work together to support, promote and improve local government.

