Communities and Local Government

Managing Risks In Asset Transfer

A Guide

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June 2008
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Disclaimer
The findings and recommendations in this guide are those of the author and do not necessarily represent the views of Communities and Local Government. They offer non-statutory guidance. The guide does not claim to be a complete statement of the issues to be considered in these circumstances or of the relevant law. Parties must always take their own professional advice before transferring assets.

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Foreword

For me there is no more powerful force for change than local people coming together, finding their own solutions, and having a real say over the future of the places where they live. Managing or owning local assets is a very important way for people to instigate change in their local areas.

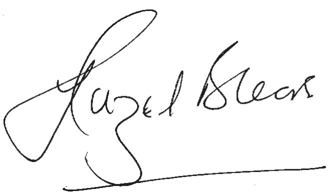
It's a year since Barry Quirk and his team published their influential review of community management and ownership of public assets. Working with a range of partners, I am delighted to say that we have already made good progress in acting on their recommendations.

More and more local authorities are beginning to recognise the value of enabling local community organisations to take more responsibility for local assets. These can be buildings or land that have an important place in their local communities, and can help them improve local services and support local community activity on a sustainable basis.

But we all know that successfully managing a building, like any business, carries risks. This can particularly test community-led organisations with limited experience and capital behind them.

However, as Barry said in his review, the existence of risk need not be a barrier to asset transfer. The answer is to be open about the risks, but also positive about how they can be managed, and where it's worked well in practice. That is why I welcome this guide, which is built on solid practical experience, both from local government and the third sector.

I am grateful to the Development Trusts Association and its Advancing Assets for Communities partners for taking responsibility for acting on this specific recommendation of the Quirk Review, and to Tony Rich for putting all the material together. I urge all local authorities and their partners to use this guide, so that risk ceases to be a barrier, but its management becomes a spur to a growing number of robust and successful asset transfers.



The Rt Hon Hazel Blears MP
Secretary of State for Communities and Local Government

Executive summary

> "In our view, there are no substantive impediments to the transfer of assets to community management and ownership. If there is a barrier, it lies in the fact that people, both in the public and community sectors, are often not sufficiently equipped to understand, assess and manage the risks that are inherent in the process of asset transfer and asset management"
>
> *Making Assets Work,* Report of the Quirk Review, p 13

Purpose of the guide

This guide is designed to help local authorities and community-based organisations manage and minimise the risks inherent in the transfer of land and property assets from the public to the community sector. It lists a number of common risks and sets out ways that these can be managed, including some practical examples of where this has been done.

Common approaches to managing risks in asset transfer

There are a number of common approaches to managing risks in asset transfer including expectations documents, Service Level Agreements and various options relating to how interests in land and property are disposed of e.g. conditions or clauses placed on leasehold agreements. Different types of tenure are also used as a means of reducing risks in asset transfer. However they all have advantages and disadvantages and there is no 'right' answer in terms of tenure as this will depend upon the purpose for which the asset is sought and also the capacity of the receiving organisation to manage the asset. 'Clawback' is also a potential means of limiting the risk that surpluses generated on a former public asset will be unfairly lost from the public sector. However, as the latest guidance from HM Treasury *Guidance to Funders and Policy Makers* states, any use of clawback provisions must be proportionate and not unduly restrict the ability of the receiving organisation to maximise the potential of the asset as a base for sustainable enterprise.

Risks in asset transfer and broader processes that contribute to management of these

It is important to remember that there will be risks inherent in all courses of action in relation to asset management. Not transferring an asset to a community-based organisation may mean that the local community risks missing out on the social, economic and environmental benefits that can result. Processes such as community engagement, undertaking 'joined up' reviews of assets and developing approaches for valuing social benefit can all contribute to clarifying the situation. They can help show that the transfer of public assets to community-based organisations can meet local needs and generate value for communities that justifies any risks involved.

Quality assurance in the third sector

The robustness in governance and financial terms of the receiving organisation will be an important issue affecting the decision on whether or not to transfer an asset. There exist several commonly used 'tools' for demonstrating that an organisation is 'fit for purpose' to take on and manage an asset. These include: Community Matters 'Visible' standards, Development Trusts Association 'healthcheck', Governance Hub 'Code of Good Governance' for Voluntary and Community Organisations and the Charities Evaluation Service 'PQASSO' kite mark.

Main risks and summary solutions

A number of possible risks resulting from asset transfer to community-based organisations were set out in the Quirk Review report *Making Assets Work*. Discussions at a series of regional events with local authorities and others delivered by the DTA on behalf of Communities and Local Government over the winter of 2007-08 identified more. These need to be acknowledged by local authorities and their partners considering asset transfer, so that ways of managing and minimising them can be addressed. There is now a growing body of experience of practical ways of dealing with these risks in a variety of contexts which are included in table 5 in the guide.

Conclusions

While risks undoubtedly exist in the transfer of assets from local authorities to community-based organisations this is not a reason to avoid going down that path. Experience and knowledge in the area of risk management in asset transfer is developing all the time and there is a growing body of practice to draw on.

1 Introduction and background

Audience for the guide

1.1 The main audience for the guide is decision-makers in local government and practitioners working in both local government and the third sector. However, while the guide is aimed mainly at the transfer of land and property assets from local government to community-based organisations, it is also relevant to the public sector more generally.

Risks in asset transfer

1.2 The background research carried out for the Quirk Review indicated that local authorities had identified many risks in the transfer of land and property assets to community organisations and this was a reason why many had tended to avoid it. For their part community organisations also identified risks in taking on assets which later turned out to be liabilities and which diverted often small-scale organisations away from their core aim of running successful community-based projects or businesses.

1.3 However, the range of good examples of asset transfers that have been successfully carried out, several of which were featured in the Quirk Review report, indicate that it is possible to manage the risks involved. The existence of risks should not be seen as a reason for not pursuing asset transfer to community-based organisations.

Purpose of the guide

1.4 This guide is intended to:

- Set out the main risks in asset transfer to community-based organisations
- List some of the ways that these risks can be minimised and managed
- Describe some practical examples of where risk management has been successfully employed
- Provide 'sign posts' to resources that can be used by local authorities and community-based organisations in managing risks in asset transfer

1.5 This guide is concerned with the transfer of land and property assets from local authorities for the purpose of establishing sustainable community-based organisations either through enterprise or the delivery of service contracts that can empower local people. It does not cover the transfer of assets to the third sector more generally where there is not the explicit aim of achieving self-sufficiency. However it is recognised that there is a spectrum of community-based organisations undergoing a transition towards financial sustainability over time whose needs should also be considered.

Background to the guide

1.6 The context for the Risk Management Guide is the publication of the Report of the Quirk Review into community ownership and management of public assets in May 2007 and the Government's response *(Opening the Transfer Window)* one week later. The Quirk Review took the view that while there are risks in community management and ownership of public land and property assets these are there to be managed and minimised rather than a reason not to proceed.

Quirk Review – risk is not a reason to avoid community asset transfer

"There are risks but they can be minimised and managed – there is plenty of experience to draw on. The secret is all parties working together. This needs political will and managerial imagination and a more business focused approach from the public and community sectors"

Making Assets Work, Report of the Quirk Review, p 7

1.7 The Quirk Review made the important point that the starting point of the community management and ownership of public assets debate was **community empowerment**, not just optimising the use of public assets. Furthermore the Review Report also stated that the context was moving from one where the state's role was to solve all social problems to one where its role was to help communities, solve their own problems through community action and self-help. Asset transfer to community-based organisations is seen by the Quirk Review as an opportunity for achieving wider public benefits through using local authority (and other public sector) assets more effectively.

1.8 The Review recognised that the interests of community organisations and local authorities (or other public sector owners of land and property) may not always be the same. There may also be competing claims between different community organisations. One of the roles of local authorities is to balance the interests of different community organisations and make judgments about often competing claims for the use of public assets. However, this has always been a key part of local government's role. The Quirk Review report also recognised that special interests can often be broadened to meet broader public purposes.

1.9 On the issue of risk in asset transfer, the Quirk Review chose to focus on what could be done and indeed was being done around the country by all parties involved to recognise and manage the risks involved and to support and facilitate successful asset transfer. This guide adopts the same positive approach.

Developing the guide – regional Advancing Assets events

1.10 Following the publication of the Quirk Review in May 2007 the Development Trusts Association, Community Matters and ACRE were commissioned by the Department for Communities and Local Government to run a series of regional seminars aimed primarily at officers and elected members in local government working on asset transfer to the third sector. The programme involved nine seminars being held in England, one in every region, between October 2007 and April 2008. At each event a presentation on risks in asset transfer was given by a representative of the CIPFA Asset Management Planning Network and a facilitated group discussion on managing risks was held. The output of these discussions in terms of possible ways to manage and mitigate risk and examples of where this has been done has been fed into this guide.

Links to other guides

1.11 Following the Quirk Review Communities and Local Government committed itself to working with the Royal Institution of Chartered Surveyors to publish good practice advice on asset management for local authorities which would explain the importance of a more strategic and cost-effective approach to the management of local public assets, while at the same time highlighting the option of transferring assets from the public to the community sector within such a strategy. The new advice will include an over-arching strategy document and a suite of leaflets and is due to be published in Summer 2008.

2 Common approaches for managing risks in asset transfer

2.1 There are a number of approaches which have been commonly used to mitigate or minimise the risks in asset transfer to community organisations. These are outlined together with their main components in table 1 below:

Table 1 – Common approaches for managing risks in asset transfer

Expectations document

Many local authorities have decided to set out explicitly what is expected of both parties in the transfer of land or property to a community organisation. Such 'expectations documents' are not in themselves legally binding but are intended to clarify roles and responsibilities of the two main parties at the outset. This can cover:

- Responsibilities for each party in terms of repairs and maintenance
- Details of on-going support offered by the local authority
- Details of any capacity building programme to be undertaken by the community organisation
- How the asset will be run – maintaining open access, etc

Service Level Agreement

Transfer of a local authority asset at a discount on the open market value may be dependent upon the community organisation delivering certain specific outcomes as specified in the 'business case' prepared as part of the transfer procedure. A Service Level Agreement (SLA) is a formally negotiated contract which enables the local authority to specify outcomes to be achieved in a jointly agreed statement which can then be monitored over time. The authority and the receiving organisation may wish to build in review points for the SLA at regular (e.g. six monthly) intervals in order to retain some flexibility should circumstances change.

'Clawback' provisions

Clawback refers to the conditions used to safeguard the financial interests of an authority when funding or subsidising a community organisation to acquire or develop assets. These typically can cover:

- whether, when, how and to whom assets may be sold on
- change of use
- liquidation or winding up.

Therefore, clawback is a tool that can be used to counter the risk of assets falling into the 'wrong' hands and the misappropriation of public funds (see risk 8 in table 5 p 33). Clawback can be imposed either through a condition of the grant or through a charge or legal condition being placed on the asset transfer. Conditions can range from a need to consult before disposal to reimbursement of the grant or of a share in any increase in value on disposal. Clawback conditions can be time limited, or relate to original value only, or depreciating, or related to outcomes or asset life. It is important that any use of clawback provisions complies with the latest Government guidance i.e. is "flexible and imaginative and should not create barriers to wider policy objectives".[1]

Legal options

In relation to land and property assets the term 'ownership' can mean different things and will vary on a case by case basis. One approach is to distinguish three forms of ownership rights[2]:

- The right to use an asset
- The right to appropriate returns from an asset
- The right to change the form and substance of an asset.

The type of tenure that an occupying organisation has over an asset will have implications for the way that any risks in its acquisition and management are minimised. The options for tenure open to local authorities are set out in table two overleaf.

[1] Guidance to Funders and Purchasers, HM Treasury, (May 2006) states that clawback conditions should be negotiated in partnership with third sector partners, be realistic and proportionate to the value of the grant and take into account, and consider 'value for money' in more than financial terms.
[2] Barriers to Asset Transfer, Ibstock Community Enterprises, Rachel Elliot, (2004).

Restricting risk through negotiating tenure

2.2 One of the ways of managing risks in asset transfer is through limiting the liabilities a group has for an asset being transferred or placing restrictions on the freedom a group has to use a building to be transferred through its tenure. The main characteristic of the types of tenure used in asset transfer are set out in table 2 below, together with the respective advantages and disadvantages in each case for both local authorities and community organisations.

Table 2 – Types of tenure in asset transfer

Type of tenure	Advantages	Disadvantages
Freehold Buying the property as full owner through a legal document entitled a 'conveyance'	• Security of ownership. • Creates sellable asset. • Independence. • Can use asset to help raise debt and equity funding. • Not subject to service charges. • Freedom to improve or redevelop the asset, and to attract grants to do so.	• Expense of purchase. • Cost of repairs and insurance. • May not be sellable if in poor condition or deeds forbid it. • It is much harder for a local authority to restrict future use of premises than with other forms of tenure.
Long leasehold Buying a lease of 22 years or more and paying a 'premium' (initial capital payment) then a low annual ground rent. Lessee has all the responsibilities of a freehold owner.	• Security of ownership. • Creates sellable asset. • Independence. • Can use asset to help raise debt and equity funding. • Local authorities can restrict future use of the premises using covenants placed on any lease.	• Expense of purchase. • Cost of repairs and insurance. • May not be sellable if in poor condition or deeds forbid it.
Lease Taking a lease for a fixed period of years at an annual or 'rack' rent.	• Security of tenure (usually) rights under The Landlord and Tenant Act 1954. • Local authorities can restrict future use of the premises using charges placed on lease. • In some cases rent may be low or peppercorn. • In some cases maintenance costs may be shared with landlord. • The local authority may be better disposed to granting discretionary rates relief.	• Expense of rent and service charges (which may increase regularly). • Cost of repairs and insurance. • Shorter leases limit a group's ability to improve premises, and to raise funds for improvements.

Table 2 – Types of tenure in asset transfer (continued)

Type of tenure	Advantages	Disadvantages
Tenancy agreement A verbal or written open ended agreement with a monthly, quarterly or annual rent and which can be terminated by either side giving notice.	• Easily terminated by the tenant. • Rent may be cheaper. • Often less responsibility for repairs/insurance. • May have security of tenure. • More likely to have discretionary rates relief.	• Normally little security of tenure especially if verbal or for a period of less than six months. • May be restrictions on use of premises. • Makes fundraising more difficult.
Licence to occupy Permission (verbal or written) to occupy for a short period (usually up to one year). Can be terminated by either side giving notice.	• As with a tenancy agreement, excepting no security of tenure. • May be exempt from business rates. • May allow a new group a chance to demonstrate its capacity to operate and its case for occupying the premises on a more secure basis.	• May be restrictions on use of premises. • Local authority may often need to give only a short period of notice.
Tenancy at will A licence to occupy at the will of the owner/ landlord. Tenant may be evicted at any time on as little as 24 hours notice.	• As with licence to occupy.	• As with licence to occupy.

Source: 'Acquiring and managing premises', Information sheet, Voluntary Action Sheffield (2007) – with amendments by the author

Use of 'asset locks' in asset transfers

2.3 An asset lock is a restriction arising from an organisation's legal status that means that any surpluses are reinvested in the project or the building, and used to support the organisation's stated purpose. It is a common means of managing the risk that the value of any public building may be privately appropriated and may be a requirement of a local authority prior to agreeing to any transfer. There are two common legal forms that include an asset lock. In the case of Community Interest Companies (CIC), any sale of the asset has to be agreed by the national CIC regulator as in the community interest. In the case of registered charities, they must obtain the agreement of the Charity Commission for the disposal of assets and any proceeds can only be used to support the charity's purpose.

3 The nature of risk

3.1 HM Treasury defines risk as "the possibility of more than one outcome occurring".[3] Risk is also commonly closely linked to uncertainty and has also been defined as the exposure to the impact of uncertainty or potential deviation from what is planned or expected.

3.2 Risk management is the process of identifying risks, evaluating their potential consequences and implementing the most effective way of controlling and monitoring them. The intention is to turn uncertainty to an organisation's advantage by constraining threats and taking advantage of opportunities.

3.3 Risks will always be present in undertaking any course of action. In the case of physical assets owned by the public sector it is important to remember that there will also be risks in terms of the benefits that can be derived for an area through sale on the open market to the private sector. Private organisations have been shown not to be immune to failure.[4]

3.4 There will also be the risk of 'doing nothing' i.e. not disposing of the asset to a community organisation (in the case of assets currently unused or underused), as the impacts and outcomes achievable through that disposal will not be realised.[5] While there may be costs associated with a building under local authority control even if it is empty, e.g. in maintaining security, there is also a cost in not intervening in a wider sense. In particular, in considering areas under stress there may be a case for taking into account possible impacts on social cohesion of **not** using asset transfer as a focus for inward investment, local enterprise development and improved quality of service delivery.

3.5 It will be important to understand the risks involved in undertaking asset transfer to community-based organisations and make them transparent as this will clearly influence the decision made. Taking a systematic approach to risk management in asset transfer will also allow procedures and approaches to be put in place to manage and minimise any risks identified thereby allowing the transfer to go ahead with a greater chance of being successful. However, it is also important to remember that it will not be possible to eliminate all risk. The aim should be for risk management to be 'cost-beneficial' i.e. the cost of managing the risk must not outweigh the benefits. Any action must be proportionate to the level of risk exposure that the organisation can accept (i.e. the 'risk appetite').

[3] HM Treasury 'Green Book', Appraisal and Evaluation in Central Government (2007) Annex A p35.
[4] 30% of new businesses fail within the first three years. Source – Enterprise Directorate, BERR 2007.
[5] The HM Treasury 'Green Book' states that the 'do nothing' or 'do minimum' option should always be considered as part of any appraisal (p 16). A tool for measuring the impact of community asset transfer is being developed and piloted through the Advancing Assets Programme. This will be available via the DTA website (**www.dta.org.uk**).

Sensitivity analysis

3.6 Sensitivity analysis should be used to examine the robustness of the overall conclusions from the appraisal process. It is particularly important when there is uncertainty regarding the estimate of costs and benefits, e.g. building refurbishment costs, or when there are options in which uncertainties may present a potential budgeting problem, e.g. the magnitude of costs involved is high in relation to the total budget available.

3.7 There are various different techniques available to carry out sensitivity analysis including Monte Carlo Analysis, Decision trees and Tornado Diagrams. Further information on these approaches is available in the HM Treasury's 'Green Book.'[6] The basic approach involves identifying the key variables of a project and then a calculation is carried out to see by how much these variables would need to fall (if they are a benefit) or rise (if they are a cost) before it is not worth undertaking an option.

Optimism bias

3.8 Optimism bias is used to describe the risk that "…predicted outcomes do not fully allow for the likelihood of things going wrong".[7] The HM Treasury argues that risk analysis should be used to eliminate optimism bias. In addition, the likelihood of optimism bias should be judged in the first instance, against the outcomes of previous projects with similar features. Where there are no similar projects then the component parts should be examined separately to remove any overall undue optimism.

Handling risk

3.9 The Office of Government Commerce argues that risk management should form part of an organisation's wider internal controls.[8] In terms of asset transfer, risk analysis and assessment needs to be set within a local authority's broader policy and strategy on the transfer of land and property to the third sector.[9] A proactive approach is recommended which through early identification can reduce the size of possible threats. A *risk register* or *log* is a useful tool for maintaining a clear record of risks identified, their expected impact, the likelihood of them occurring and proposed counter measures. An example of a risk register or log related to asset transfer is included at annex 1.

[6] Op cit HM Treasury (2007), appendix on risk management.
[7] Op cit HM Treasury (2007).
[8] A series of OGC publications on risk management is available via the Office of Government Commerce website: **http://www.best-management-practice.com/officialsite.asp?FO=1230363**.
[9] Through the CLG-sponsored Advancing Assets for Communities demonstration programme a 'model' asset transfer strategy, policy and process is being developed. This programme is being delivered by a partnership led by the Development Trusts Association. See **www.dta.org.uk** for further information.

4 Accountability and governance

4.1 The issue of governance and accountability in relation to community organisations is of central importance to local authorities considering whether or not to transfer assets that are currently under their control. In particular, the claim is often made that community organisations lack the capacity, structures and systems to acquire and manage land and property assets effectively. This issue was considered thoroughly in the Adventure Capital Fund/Institute of Public Policy Research publication Community Asset Transfers: Overcoming Challenges of Governance and Accountability (2007).[10]

4.2 This publication sets out five approaches that are important for achieving robust governance:

- A clear set of objectives
- A robust governance model (legal structure) that works in practice
- A strong and qualified management team
- Independence, skills and clearly defined roles for management board members
- Robust mechanisms for independent audit – including regular strategic challenge as well as financial audit

4.3 The need for organisations acquiring assets to demonstrate accountability to the local community was a central consideration of the Quirk Review and is linked to the risk, explored in this chapter, of 'capture' of assets by unrepresentative groups as referred to in the Local Government white paper.[11] The ACF/IPPR publication refers to the importance of 'community connectors' ("those individuals with widespread and deep links with different aspects of the community", p 20) on their board.

4.4 The DTA's 'Heathcheck' and Community Matters 'Visible' Communities™ standards address both asset management and governance standards as well as model approaches, and the Governance Hub Code of Good Practice for voluntary and community organisations addresses the issue of governance standards, and these tools are summarised in table 3 overleaf.

[10] Lodge, G and Muir, R (2007) Community Asset Transfers: Overcoming Challenges of Governance and Accountability, ACF/IPPR.
[11] CLG (2006), Strong and Prosperous Communities, The Local Government White Paper, p 40.

Table 3 – Quality assurance approaches for community organisations

Community Matters VISIBLE standards

The VISIBLE standards are aimed at small and medium sized multi-purpose community organisations allowing them to demonstrate their development against a range of benchmarks which include asset and organisational management indicators. They represent a useful framework on which to base a development plan for organisations taking on management/ ownership of an asset. The standards are independent and accredited through Community Matters enabling community organisations to achieve a national kite-mark. Requiring such a quality assessment approach to be taken by community organisations is a common way of local authorities ensuring certain minimum standards are met. For information go to: http://www.visiblecommunities.org.uk/

Development Trusts Association 'Healthcheck'

The DTA uses a 'healthcheck' approach which includes an assessment of a development trust's organisational health, financial robustness and whether it is pursuing environmental, social and economic objectives. For further information see http://www.dta.org.uk/activities/services/healthcheck/

Community/voluntary sector Code of Good Governance

The Governance Hub (now part of the National Support Service of NCVOs) has set out a code for good governance for the voluntary and community sector. This covers issues for boards to consider including: leadership, control, performance, review and renewal, delegation, integrity and openness. For further information see: www.governancehub.org.uk

The Charities Evaluation Services PQASSO kite-mark

The PQASSO kite-mark is an externally assessed quality assurance system for small organisations. Areas covered include: governance, management, staff and volunteers, managing resources and monitoring and evaluation. Each area has levels of achievement and suggested evidence to help organisations demonstrate compliance. For further information see: http://www.ces-vol.org.uk/index.cfm?pg=42

5 Broader processes that contribute to risk management in asset transfer

Introduction

5.1 Table 4 below lists some common tools used to manage risks. Table 5 in chapter 6 lists the main risks identified by the Quirk Review with additions included following discussions with representatives of local authorities and community organisations following the publication of the review. After each risk one or two practice examples are given where this risk was minimised.

Whose risk?

5.2 It is important to recognise that there will be risks for all involved in asset transfer projects and not just the local authority. Third sector organisations will need to invest much time (and often considerable financial resources) in the purchase and ongoing management of physical assets and may stand to lose a great deal if the organisation runs into difficulty or fails.

5.3 There are a number of processes that can help reduce some of the risks in asset transfer. Some of these (e.g. 'Joined up area reviews') are the responsibility of local authorities or the wider public sector. Others such as fully engaging the local community or adopting tools to attempt to value the benefits of organisations acquiring assets, can be adopted by either the community or public sector. 'Valuing benefits' approaches can contribute to risk reduction by demonstrating to the authority the value that will be generated by the transfer through social, economic or environmental benefits which can be measured. A number of these broader approaches are described in table 4 below.

Table 4 – Broader processes that contribute to risk management in asset transfer – examples

Using joined up area asset reviews

Many local authorities regularly review their property portfolio and challenge whether it is being used in an optimal sense (e.g. occupancy, opportunities for co-location etc.). Some authorities are now including the potential for community asset transfer in this process. A smaller number of authorities still are carrying out or have carried out 'joined up' area reviews themselves or with other public sector partners, often overseen by the Local Strategic Partnership. This allows a more coordinated approach to be taken to asset management and also to identifying the potential for community asset transfer. An example of an authority pursuing a 'joined up asset review' approach is included under risk 8 (Risk of 'fragmentation of ownership precluding a strategic approach') in Table 5 overleaf.

Table 4 – Broader processes that contribute to risk management in asset transfer – examples *(continued)*

Engaging the local community

The DTA publication 'To have and to hold: a guide to asset development for community and social enterprises' sets out various approaches that organisations can use to show that they have local support for an individual proposal to use and perhaps own an asset. These include: 'planning for real', village/parish appraisals, community planning weekends, action planning workshops and 'visioning' exercises.

Valuing community benefits/social accounting tools

The HM Treasury 'Green Book' states that: "wider social and environmental costs and benefits … need to be brought into any assessment. They will often be difficult to assess but are often important and should not be ignored simply because they cannot easily be costed." There are a number of established approaches for assessing community impact of organisations which vary in their complexity and suitability for utilising as part of the asset transfer process. Two are outlined below. In addition, a bespoke tool for measuring community impact through asset transfer is being developed and piloted through the Advancing Assets programme before being disseminated.

Social Return on Investment (SRoI)

SRoI is a tool for helping organisations understand and quantify the social value they create. The tool expresses this as a monetary value and can be used to compare this value with the investment required to achieve it. Further information is available from the Social Return on Investment Network on **www.sroi-uk.org**

'Change check'

ChangeCheck has been designed by the British Association of Settlements and Social Action Centres (BASSAC) for community organisations and in particular centres that have, or would like to have, an 'anchor' role in their neighbourhood. It is intended to be simple to use. The approach aims to do four things:

- Find out what is meant by impact
- Gather local information on the impact of an organisation
- Allow the organisation to run a review session to identify the type of impact the centre is having
- Start some action planning to address gaps and problems

For more information on *ChangeCheck* go to
http://www.bassac.org.uk/pages/changecheck.html

6 Commonly identified risks and examples of ways to manage them

6.1 The Quirk Review identified a number of common risks and set out some quick ways that these could be managed. The table below includes these risks and some others and also includes a number of practice examples gleaned from the regional seminars or other research.

Table 5 – Commonly identified risks and examples of ways to manage them

What is the risk?

1. Community empowerment objectives proposed by community organisation are vague, weak or not aligned to those of the local authority

Why does it need to be considered?

The Quirk report, "Making Assets Work" makes clear in its opening paragraph that '… optimising the use of public assets is not the primary objective: the over-riding goal is community empowerment'

The organisation may not have buy-in from the local community for the proposed uses

What can be done about it?

- The organisation can be urged to consider further its objectives for the use of the asset
- The organisation could undertake a community needs survey to assess the needs and interests of the community served
- The organisation could be urged to work in partnership with other organisations having clearer empowerment objectives

Practice examples

1. ACRE and Community Matters publish model community needs and interests surveys that can be used by local organisations. See www.acre.org.uk and www.communitymatters.org.uk
2. Local federations of community organisations and other Local Infrastructure Organisations may have considerable evidence of community need for given neighbourhoods. Information on local infrastructure organisations is available from the National Association for Voluntary and Community Action – see www.navca.org.uk

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

What is the risk?

2. The receiving organisation does not have the capacity/skills to manage the asset

Why does it need to be considered?

Lack of skills and capacity within the community organisation to manage a building is a commonly voiced concern which can greatly affect whether an asset transfer is successful or not. Some of the results may be that:

- Expectations are raised in vain
- Time, effort and money spent by the organisation are wasted
- The transferred building and organisation do not operate to their full potential
- Little use is made of the asset

What can be done about it?

- There is a need for the organisation taking on the building to demonstrate the skills and capacity to manage it. This could be through skills audit or other means
- An agreed organisational development plan should be developed, funded and implemented, to include skills training in building management
- There is a need to ensure that the organisation taking on the building has access to on-going expertise and advice
- Both parties need to agree a detailed 'hand over or expectations document' setting out the responsibilities clearly
- Clarity of expectation in any formal agreement about the minimum level of usage expected
- The transferring body should insist on a viable long-term business plan at the outset, although there should also be a recognition of the scope for innovative development as a project progresses
- It may be possible to transfer the building on a phased basis
- It may be possible to transfer on a leasehold/freehold basis with responsibilities for repairs retained by the transferring organisation, at least for a specified period. This would need to be specified in a legal document accompanying the transfer

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

- The local authority could offer to provide technical help and expertise on e.g. asbestos, health and safety, Disability Discrimination Act compliance, fire risk, legionella, etc. to the receiving organisation
- Ensure that any lease on the building includes a clause which states that "In the event that the community organisation ceases to trade, appropriate arrangements are in place to protect assets for community use" (this would include transfer to another appropriate community organisation or possible reversion to the local authority)

Practice examples

1. **Kirklees Community Buildings Forum** which is attended by all third sector organisations that manage the Council's community centres, and which meets every six weeks, allows sharing of experiences and capacity development. Contact Gary Gordon: **gary.gordon@kirklees.gov.uk** or **community.work@kirklees.gov.uk**
2. **ACRE's National Village Hall Information Service** provides a source of local expertise for volunteer-run community buildings through its network of dedicated advisers located in its local member organisations. The service is transferable to supporting urban community buildings and includes help with development of business plans and practical hall management. For more information, go to: **www.acre.org.uk/communityassets_villagehalls_informationservice.html**
3. **Community Matters Information Sheets** aim to provide a range of practical information in an easy to use format and cover topics including managing community organisations, financial matters, employment matters, health and safety and community buildings. **www.communitymatters.org.uk/resources/information_sheets/index.php**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

3. Local authority lacks the capacity to support the asset transfer adequately

Why does this need to be considered?

- Insufficient support given to the third sector organisation leading to a failure of the organisation
- Community use of the building fails depriving local people of important services and/or facilities
- Local authority loses face among the local community

What can be done about it?

- By agreeing asset transfer as a corporate priority the local authority can help ensure that the need to support community organisations is shared across service directorates
- Revenue funding needs to be allocated within local authority internal budgets to support officers in working with community organisations to help them take on and manage assets
- Support for the receiving organisation should be part of a broader partnership involving third sector infrastructure organisations and other public sector partners e.g. Regional Improvement and Efficiency Partnerships, Regional Development Agencies, etc

Practice examples

Birmingham City Council Asset Transfer Protocol – The City Council have produced a protocol on asset transfer which is 'owned' corporately across all service departments. The protocol sets out the process that will be followed and is aimed at ensuring that there is corporate buy in for asset transfer. Contact Tony Smith: **tony.smith@birmingham.gov.uk**

Knowsley MBC – Community Support Task Force – Knowsley MBC has established an officer group to manage the Council's programme of providing support to third sector organisations wanting to manage community owned buildings in a viable way. Each directorate within the Council will have a representative on the group which is intended to be capable of providing the support that third sector organisations feel they need. Contact Andrew Cripps: **andrew.cripps@knowsley.gov.uk**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

4. Community organisation does not have the funds to purchase and/or refurbish the asset

Why does it need to be considered?

- Failure of project or organisation may result
- Time, effort and money wasted
- Wider community is let down
- Building/asset does not achieve Disability Discrimination Act (DDA) compliance

What can be done about it?

- The transferring organisation could commission/fund a conditions survey at outset. This should include an assessment of the asset's fitness for purpose and Disability Discrimination Act considerations
- There is a need to fully consider long-term income/expenditure at outset and the community organisation should be provided with a clear financial picture before and after transfer for each potential transfer option e.g. freehold and differing lengths of leasehold
- Consideration could be given to phasing any improvement programme
- It may be possible for the transferring body to retain certain maintenance liabilities
- It may be possible to transfer the building with endowment payments to cover on-going maintenance for a set period
- The transferring body could review the disposal price of the building in the context of the proposed future use and any liabilities
- The asset could be transferred on a leasehold basis with a low or nominal rent
- The group could take on the full management of the asset but with the tenure being retained by the public authority
- Transfer on a long lease or freehold sale will give the receiving organisations more opportunities to raise grants and investment funding to support improvements

Practice examples

1. The **Adventure Capital Fund's** Business Development Fund is for community enterprises in the early stages of development. A grant of up to £15,000 comes with five days' support and can be used to develop an organisation's skills and capacity so improving its ability to run its own enterprise and trading activities. **http://www.adventurecapitalfund.org.uk/**
2. **Architectural Heritage Fund** can offer assistance with feasibility work and surveys of listed buildings or those in a conservation area of architectural merit. Both Option Appraisal Grants and refundable Project Appraisal Grants are available **http://www.ahfund.org.uk/finance_grants.html**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

5. Community organisation cannot afford to maintain the asset on an on-going basis

Why does it need to be considered?

- Risk that the organisation collapses
- Organisation may incur financial liabilities that it can't meet
- Long-term health and value of the asset declines

What can be done about it?

- The receiving organisation should develop a robust, long-term business plan at the outset – the cost of doing this will be a valuable investment
- Develop, fund and implement an agreed organisational development plan
- Ensure organisation has access to on-going financial expertise and advice
- Transfer on a leasehold/freehold basis with shared repair options
- Ensure the community organisation remains eligible for full (100%) rates relief
- Hand over building with an endowment to cover repairs/maintenance for an initial period
- Use local procurement and anchor tenancies to underpin quality revenue streams

Practice examples

1. **Kirklees MBC** 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 the management costs and groups are also able to apply for capital funding for repairs and a fund exists for maintenance repairs. The Council has also introduced Service Level Agreements and management agreements to protect both parties. Contact Gary Gordon, Community Buildings and Development Worker: **gary.gordon@kirklees.gov.uk** or **community.work@kirklees.gov.uk**
2. **Sheffield CC** *'Premises Pack'* includes practical advice on meeting the maintenance costs of running a building aimed at third sector organisations seeking to take on an asset. It also signposts organisations to sources of help within the Council and wider third sector support infrastructure in Sheffield. Contact: **compact@sheffield.gov.uk**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

6. Lack of knowledge of the asset (especially when considering an historic building)

Why does it need to be considered?

- Costs are under-estimated, leading to lack of funds
- Building may be structurally unsound
- Projects can be jeopardised

What can be done about it?

The receiving organisation could consider:

- Carrying out initial research on the physical condition of the building
- Commissioning and retaining a surveyor
- Employing and retaining a conservation architect
- Employing and retaining a full time project manager

Practice example

The Priory Centre, Great Yarmouth: Great Yarmouth Community Trust purchased the Priory, a Grade I listed ex-Benedictine Monastery, in 2002 and embarked on a lengthy restoration project. Formally a school, the Priory had been empty for several years and had become derelict. Accurate information on the condition of the building and renovation costs involved was not available at the outset. The Trust employed a conservation architect and project manager to oversee the restoration project and manage the requirements of both community use and listed building requirements. The Trust is in the process of producing a ten year improvement project and restoration plan. For further information contact: **enquiries@gyctrust.co.uk**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

7. State aid rules prevent public financial support for a project

Why does it need to be considered?

- Organisation not able to access all funds available
- Organisation may have to pay back funds
- Time required to argue case

What can be done about it?

- There is a financial ceiling below which State Aid restrictions do not apply (known as 'de minimis' provision) which is currently set at Euro 200,000 in any rolling three-year period. It may be possible that the project taking on the building fits within these limits
- Normal contracts awarded under EU procurement rules are not considered as 'state aid' and nor are services of general economic interest as long as the service is clearly defined
- There are areas of 'permitted support' under EU State Aid rules: –
  - Culture, employment, environmental protection, research and development, regional development, undertakings in deprived areas, and aid to SMEs and training;
  - Provision of social housing, improvements to physical environment and brownfield sites
- Perhaps the key defence in making discounted asset transfers is where it can be demonstrated that the use to be carried out in the building is truly **local** and will not meet one of the five tests for State Aid i.e. it would not adversely affect trade between member states

It may be helpful to seek advice from the Department for Business and Regulatory Reform State Aid Unit. Contact Nicholas Wright: **nicholas.wright@dti.gsi.gov.uk** or **berr.enquiries@berr.gsi.gov.uk**

Practice examples

1. **State Aid Briefing –** A background briefing on State Aid and asset transfer to the third sector produced by the DTA on behalf of the Finance Hub with case studies is available on the Development Trust Association website: **http://www.dta.org.uk/activities/services/negotiating** Further information on State Aid is also provided in table below
2. **Dorsten Swimming Pool Case –** The European Commission found that aid for a leisure pool in Dorsten, Germany, had no effect on trade between Member States (therefore not meeting one of the **five tests** that must be met for aid to be a "state aid") as pool users would not travel more that 50km to use the facilities. The Commission also approved aid towards the restoration of Brighton West Pier, backing up this previous decision. In the Brighton case, the Commission states that the aid pursues a genuine cultural objective and would not in any event affect trade between Member States as no-one would come to the UK purely to visit a pier. Unfortunately the pier has since fallen into the sea (Source: State Aid News, spring 2003). **http://ec.europa.eu/comm/competition/state_aid/newsletter/index.html**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

8. Asset not used in the public interest, taken over by an unrepresentative/unaccountable minority, access to asset not inclusive

Why does it need to be considered?

- Risk of funds being misappropriated
- Under-utilisation of asset
- Local resentment and risk to community cohesion
- Restricted access to asset – causing other groups to want their own asset
- Competition for control of the asset amongst community groups

What can be done about it?

- The transferring and community organisations could develop an 'expectations document' which forms the basis of on-going partnership
- The transferring organisation can insist on the community organisation's management board being inclusive of different interests and communities in the area
- It may be possible to include a local authority presence on the management board
- It may be possible to include covenants in any transfer documents (providing these are not too onerous as this could restrict the ability of the community organisation to fully utilise the asset)
- Ensuring that where possible, the organisation acquiring the asset is genuinely multi-purpose and is committed to making it widely available

Practice examples

1. **LB Lewisham's** 'Community Assets Framework' produced as part of the Advancing Assets for Communities programme promotes area-wide benefits from asset transfer and seeks to achieve both benefits for the community locally and to 'communities of interest'. Contact Martin O'Brien: **martin.obrien@lewisham.gov.uk**
2. Some local authorities (e.g. **Basildon Borough Council**) use model leases for community buildings which can include an 'equal opportunities clause' requiring the organisation to make the building available to all residents in the Borough. Basildon BC also employs a 'traffic light' monitoring approach which relates to six criteria (membership level, occupancy, range of activities, level of use, sustainability and associations with bars) in order to focus on those organisations that may need greater attention. Contact: **Jim.Ross@basildon.gov.uk** or **jenifer.crawley@basildon.gov.uk**
3. **Community Matters** 'Becoming Visible' standards include several indicators to test the organisation's reach into all sections of the local community (see table 3 p22).

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

9. Fragmented ownership of assets precludes a strategic approach

Why does it need to be considered?

- Local authority strategy for capital and revenue investment in community facilities across its area of benefit needs to take account of dispersed ownership/management
- Where the local authority strategy for public service delivery relies on use of local community facilities, negotiation with multiple owners is required
- Local authority has less direct responsibility to local people for their access to, and use of, public space

What can be done about it?

- A local authority commitment at the highest level to taking a strategic approach to the use of all local assets regardless of ownership/control
- Partnership working at Local Strategic Partnership (LSP level) and 'joined up area reviews' of assets could ensure a more 'seamless' delivery of services across public and third sectors
- Include community-owned facilities and services as well as Council-owned facilities within assessments carried out to establish levels of community need and existing provision and which feed into the development of statutory plans
- There is a need to involve third sector organisations more fully in the development of the sustainable community strategy and Local Area Agreement (LAA)
- Include covenants in transfer to a multi-purpose community organisation to allow arrangements with third party service delivery agencies to be developed

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

Practice examples

1. An example of a 'joined up' area review is the 'local asset management plan' approach pursued by **Birmingham City Council** at constituency or ward level.

   Birmingham are engaged in a 'cross portfolio review' looking primarily at service delivery from the Council's own offices across all services using a 'hub' and 'spoke' principle. The 'hubs' are envisaged as bespoke offices with additional facilities whereas the 'spokes' are primarily service facilities with a small amount of add-on office accommodation or public facing receptions. In both instances there is potential to draw on facilities provided by the third sector such as a creche, nursery, or community meeting rooms as part of the mix of uses provided.

   Given the size of the city this approach is initially being taken on a 'demonstration zone' basis. Contact Mark Bieganski: **Mark.Bieganski@birmingham.gov.uk** or **edd_piu@birmingham.gov.uk**

2. The **ACRE** network's facilitation of parish and community-led plans aims to ensure that the needs and opportunities of community groups owning facilities or delivering services are recognised, aggregated and passported into the development of the Sustainable Community Strategy and LAA development. For more information see the 'bridging' section of the neighbourhood and parish planning guide at **http://www.acre.org.uk/DOCUMENTS/Projects/Parish%20Plans/guide_section1B.pdf**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

10. Confusion in roles between the local authority and the community organisation

Why does it need to be considered?

- Unexpected or unfunded liabilities emerge
- Breakdown in relationships or partnerships
- Local authority expectations regarding membership of the organisation's board of trustees

What can be done about it?

- The use of an 'expectations document' which includes legal, financial and other statutory liabilities may be advisable
- Where funding is being provided it may be advantageous to establish a formal Service Level Agreement
- It is advisable to 'signpost' community organisations to where they can access specialist information through national networks
- Designate local authority officer to coordinate authority's relationship with asset-based groups
- Clarity about the obligations of charity trustees and company directors

Practice examples

1. The 'Premises Pack' produced by **Sheffield CC** sets out roles and responsibilities of the Council and third sector organisation wishing to take over management and/or ownership of a building. Contact: **compact@sheffield.gov.uk**
2. Useful advice and information on the role of community organisations in taking on and managing buildings is contained in the **DTA** document 'To have and to hold', the **ACRE** 'Village hall good management guide' and **Community Matters'** 'Reference Manual for community organisations' (see further reading).

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

11. Limited potential for enterprise development based on the asset/ in the area

Why does it need to be considered?

- Asset may not generate enough revenue to be financially sustainable
- Council's commissioning/procurement policy may be insufficiently aligned to their asset transfer programme
- A policy shift from effective grant-aid programmes to contracts and competitive tendering may threaten the asset's viability

What can be done about it?

- Provide access to specialist business support advice
- Involve other local asset managers in testing out the viability of the business plan
- It is advisable to carry out a robust viability assessment prior to transfer
- Provide assistance on preparing business plans and carrying out marketing
- It may be possible to transfer the asset in stages over a phased basis to limit the costs early on while a business is developing
- Consider which local services across LSP partners are integral to the viability of the asset (and vice versa) and ensure these are procured accordingly
- Local authorities can retain a grant-aid regime to community organisations for basic services

Practice examples

1. The Community Enterprise and Training Association (CETA)/St James building in Derby was transferred from **Derby County Council** to the community development **CIC** with a proportion transferred each year over a 20 year period. This minimised the risk involved and allowed the organisation to develop its business without being over-burdened with liabilities (and costs) from day one. Contact: **admin@cetastjames.org.uk**
2. **The ACRE Rural Community Action Network** specialises in facilitating holistic 'whole community plans' prepared by the community. These include encouragement to local people exploring how best to mobilise effective use of assets, especially where the market for generating usage, local funding and availability of sufficient volunteers is potentially limited. Information about the neighbourhood and parish planning guide is available on: **http://www.acre.org.uk/communityengagement_ParishPlans.html**
3. **New Forest District Council** has published a guide for exploring which local assets are worthy of development and investment by the community to ensure their long term viability. Go to **http://www.newforestdc.gov.uk/index.cfm?articleid=6979**

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

12. Reliance by the receiving organisation on a small number of volunteers

Why does this need to be considered?

- Individuals may become overburdened and be unable to maintain effort on the project, threatening their health and that of the project
- A lack of individuals to take over may threaten the project once the current volunteers move on
- It may not remain possible to keep the building fully open, limiting its use for the local community

What can be done about it?

- The management committee can be given overall control and required to work through collective responsibility. Planned rotation of committee members can then ensure that the committee is never left too weak to operate and new members can be absorbed and brought 'up to speed' gradually
- Consultancy and advice can be put in place to help organisations undertake succession planning through use of 'role descriptions' etc.
- Forming a network of trustees covering a whole local authority can help in the recruitment of new board members
- A focus on working with long-term 'community anchor organisations' can ensure support is available after the wave of initial enthusiasm for asset transfer may have waned

Practice examples

Use of 'role descriptions' for trustees
A sample trustee 'role description' is available from the **Trustee Recruitment Toolkit** published by the National Council for Voluntary Organisations (NCVO) on behalf of the Governance Hub. The Governance Hub website itself contains a large amount of information on 'board renewal and recruitment':
http://www.governancehub.org.uk/boards_review_renewal.html

Bromley Trustee Network
Voluntary Action Bromley has established a trustee network of 60 organisations which meet regularly to discuss common issues, problems and solutions. They also run trustee induction evenings and a campaign to promote trusteeship locally. The network has resulted in 62 new trustees being recruited. Further information is available at:
http://www.governancehub.org.uk/community_links_bromley.html

Table 5 – Commonly identified risks and examples of ways to manage them *(continued)*

13. Use would not fit with wider strategic aims of the local authority

Why does it need to be considered?

- Ability of local authority to implement sustainable community strategy impaired
- Community organisation unable to form stable partnership with the local authority

What can be done about it?

- Use of criteria for assessing asset transfer which prioritises links to Sustainable Community Strategy objectives
- Include Expectations Document agreed between local authority and community organisation which sets out responsibilities for each party
- Monitor use of buildings
- Local authority involves community organisation in development and revision of priorities
- Ensuring through use of service level agreements or similar that frequently changing local authority priorities do not adversely affect the planning or delivery of services by the community organisation

Practice examples

1. **Bolton MBC's** 'Future Role Project' looked at how the Council and third sector could develop a shared vision on future delivery of services. The project involved running a series of workshops with Council officers, representatives of other public sector organisations in the area and the third sector in order to develop a future vision that all could endorse. Contact Jennifer Roe: **Jennifer.Roe@bolton.gov.uk**
2. **Sheffield City Council** *Community Buildings Team* which brings together different parts of the Council that have an interest in community organisations and their premises, has developed a methodology for area-based development work focusing on the 110 community buildings within the city. This is intended to allow prioritisation of areas for intensive development work by the team and to create a template methodology for the production of 'Sustainable Community Building Plans', which will be rolled out across each neighbourhood in the City in order of priority. The neighbourhood-based approach is intended to allow a more strategic, joined up approach to be taken by the Council and its partners. The *Methodology for Area-Based Work* is available at: **http://www.sheffield.gov.uk/your-city-council/neighbourhood-renewal-and-partnership/community-buildings**

7 Further reading

Becoming visible – operating standards for community organisations, Community Matters (2005)

Business Succession Planning, Clydesdale Bank Information Guides (2005)

Community Assets: the benefits and costs of community management and ownership, Thake S, Communities and Local Government (2006)

Community Asset Transfers: Overcoming challenges of governance and accountability, Adventure Capital Fund and IPPR (2007)

Community buildings – maximising assets, Community Matters and the Local Government Association (2006)

Evaluation and appraisal in Central Government ('Green Book'), HM Treasury, (2007)

Guidance to Funders and Purchasers, HM Treasury, (2006)

Making Assets Work: the Quirk Review of community management and ownership of public assets, Communities and Local Government (2007)

Management of Risks – Guidance for Practitioners, Office of Government Commerce (2007)

Opening the Transfer Window: the government's response to the Quirk Review of community management and ownership of public assets, Communities and Local Government (2007)

Reference Manual for Community Organisations, Community Matters (updated quarterly)

Risk Management: Lessons from the SR 04 Efficiency Programme, Office of Government Commerce, (2007)

To have and to hold, Development Trusts Association (2004)

Trustees and Governance: Finding New Trustees, What Charities Need to Know. CC30, Charity Commission, (2007)

Trustee Recruitment Toolkit, NCVO (2006)

Village hall good management toolkit, Action for Communities in Rural England (2007)

8 Useful organisations

ACRE

Action with Communities in Rural England (ACRE) is the national umbrella of the Rural Community Action Network (RCAN), which operates at national, regional and local level in support of rural communities across the country. ACRE aims to promote a healthy, vibrant and sustainable rural community sector that is well connected to policy and decision-makers who play a part in delivering this aim. **www.acre.org.uk**

Adventure Capital Fund

The ACF provides funding for community enterprises through packages of financial investment and expert support. The ACF expects a return on its investments and holds investees to account to provide results – both social and financial. The ACF also now manages the Futurebuilders Fund in England. **www.adventurecapitalfund.org.uk**

Architectural Heritage Foundation

The Architectural Heritage Fund is a registered charity founded in 1976 to promote the conservation of historic buildings in the UK. It does this by providing advice, information and financial assistance in the form of grants and low interest working capital loans for projects undertaken by **Building Preservation Trust** (BPTs) and other charities throughout the UK. **www.ahfund.org.uk**

British Association of Settlements and Social Action Centres BASSAC

BASSAC is a membership organisation that represents and supports a national network of multi-purpose organisations who provide services, community development support and host smaller community initiatives. **www.bassac.org.uk**

Big Lottery Fund

Big Lottery Fund is responsible for giving out half the money for good causes raised by the National Lottery and has a budget of about £630 million a year. It manages the £30 million Community Assets Fund on behalf of the Office of the Third Sector. **www.biglotteryfund.org.uk**

Charities Aid Foundation

The Charities Aid Foundation is a registered charity that works to create greater value for charities and social enterprise. It does this by transforming the way donations are made and the way charitable funds are managed. **www.cafonline.org.uk**

Charity Bank Limited

The Charity Bank is a development bank rather than a full service bank and offers a limited range of investment and deposit products. It generally works with smaller or medium sized organisations that other banks ignore. **www.charitybank.org**

Charity Commission

The Charity Commission is the independent regulator of charities in England and Wales. The Commission provides a wide range of advice to charities and their trustees and can often help with problems. Most charities have to register with the Commission although some special types do not. Further information including a range of guidance is available at: **www.charitycommission.gov.uk**

Community Matters

Community Matters is the nationwide federation for community associations and similar organisations, with more than 1,100 member organisations across the UK. Originally established as the National Federation of Community Associations in 1945, Community Matters has played a key role in promoting and supporting action by ordinary people in response to social, educational and recreational needs in their neighbourhoods and communities. **www.communitymatters.org.uk**

Development Trusts Association

The Development Trusts Association is a network of community organisations covering England, Scotland, Wales and Northern Ireland. It currently has over 400 development trusts in membership, both in urban and rural areas and is aiming for a successful development trust in all areas that want one. **www.dta.org.uk**

Heritage Lottery Fund

The Heritage Lottery Fund (HLF) was set up by Parliament in 1994 to give grants to a wide range of projects involving the local, regional and national heritage of the United Kingdom. It distributes a share of the money raised by the National Lottery for Good Causes and will in 2008 allocate around £255 million to projects in England, Northern Ireland, Scotland and Wales. **www.hlf.org.uk**

National Association for Voluntary and Community Action

NAVCA (the National Association for Voluntary and Community Action) is the national voice of local third sector infrastructure organisations in England. Its purpose is to promote the local third sector by providing its members with information, advice, networking and learning opportunities, support and development services. NAVCA's members work with around 164,000 local voluntary and community organisations.
www.navca.org.uk

9 Glossary

Asset management

A structured process adopted by a local authority or other body in order to get best value for money from its land and buildings

Asset ownership

Possession of the freehold or a leasehold stake in a building or piece of land

Asset transfer

The legal transfer of ownership or management of a building or piece of land from a public sector body to another body, such as a third sector organisation

Community Anchor

The Community Alliance has defined Community Anchors as "Independent, community led, multi-purpose, there for the long-term, to drive community renewal and use physical assets." Source: **http://www.comm-alliance.org**

Community-based organisations

These represent the largest number of third sector organisations. They are independent, local, small in comparison with regional or national charities and can access funding that is not available to the private or public sectors. They include small community groups, larger community organisations, and multi-purpose organisations, some of which involve wealth creation through enterprise. Source: **Community Assets: the benefits and costs of community management and ownership**, Thake S, (2006)

Community empowerment

Community empowerment is the giving of confidence, skills, and power to communities to shape and influence what public bodies do for or with them. Source: **An Action Plan for Community Empowerment: building on success**, Communities and Local Government (2007).

Third sector

The Government defines the third sector as non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.

Annex 1 – Asset transfer risk register/risk log (example extract)

No.	Risk owner	Date identified	Last date updated	Description	Likelihood 1-5 (1 less likely)	Expected impact (quantify where possible)	Bearer of risk	Proposed countermeasures
1	TR	1/4/08	21/4/08	Lack of skills and capacity in community organisation to manage the asset	4	Time and energy spent by the community could be wasted; Transferred asset (worth £,000) not used to full potential	Community organisation Local community	Skills audit at outset; Capacity building plan agreed on point of transfer
2	TR	1/4/08	21/4/08	Confusion of roles between the community organisation and the Council	3	Unexpected or unfunded maintenance liabilities (£,000) emerge; Breakdown in relationships of partnerships	Local authority and community organisation	Expectations document agreed at outset; Partnership Agreement negotiated and signed prior to transfer
3	TR	1/4/08	21/4/08	Limited potential for enterprise development based on the asset/in the area	3	Asset may not generate enough revenue to be financially sustainable (£,000 shortfall); Council's commissioning and/or procurement policy may be insufficiently aligned	Community organisation	Access to specialist business support advice; Include service contracts from across LSP to help make asset viable

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