COMMUNITY OWNERSHIP SUPPORT SERVICE

Development Trusts Association Scotland

2

MODULE TWO: FEASIBILITY

COMMUNITY ASSET TRANSFER

TWO

www.dtascommunityownership.org.uk

The Scottish Government
Riaghaltas na h-Alba

The Community Ownership Support Service is funded by the Scottish Government to support the transfer of assets into community ownership. This adviser-led service provides advice and support on every stage of the asset transfer journey.

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► 1.3 Summary

This module aims to provide organisations with the knowledge and practical skills required to explore the feasibility of engaging in community asset transfer. It focuses on a number of areas, including the user demand and organisational asset transfer readiness.

The core learning outcomes of this module are:

- To understand the process of asset assessment
- To gain knowledge on the factors impacting upon sustainability
- To understand the importance of proving demand and ensuring strategic fit
- To gain knowledge of the steps necessary to scope an asset and identify legal issues
- To gain knowledge of building internal capacity to match the needs of the project
- To understand how to conduct a risk analysis for the project
- To understand the key components of a feasibility study.

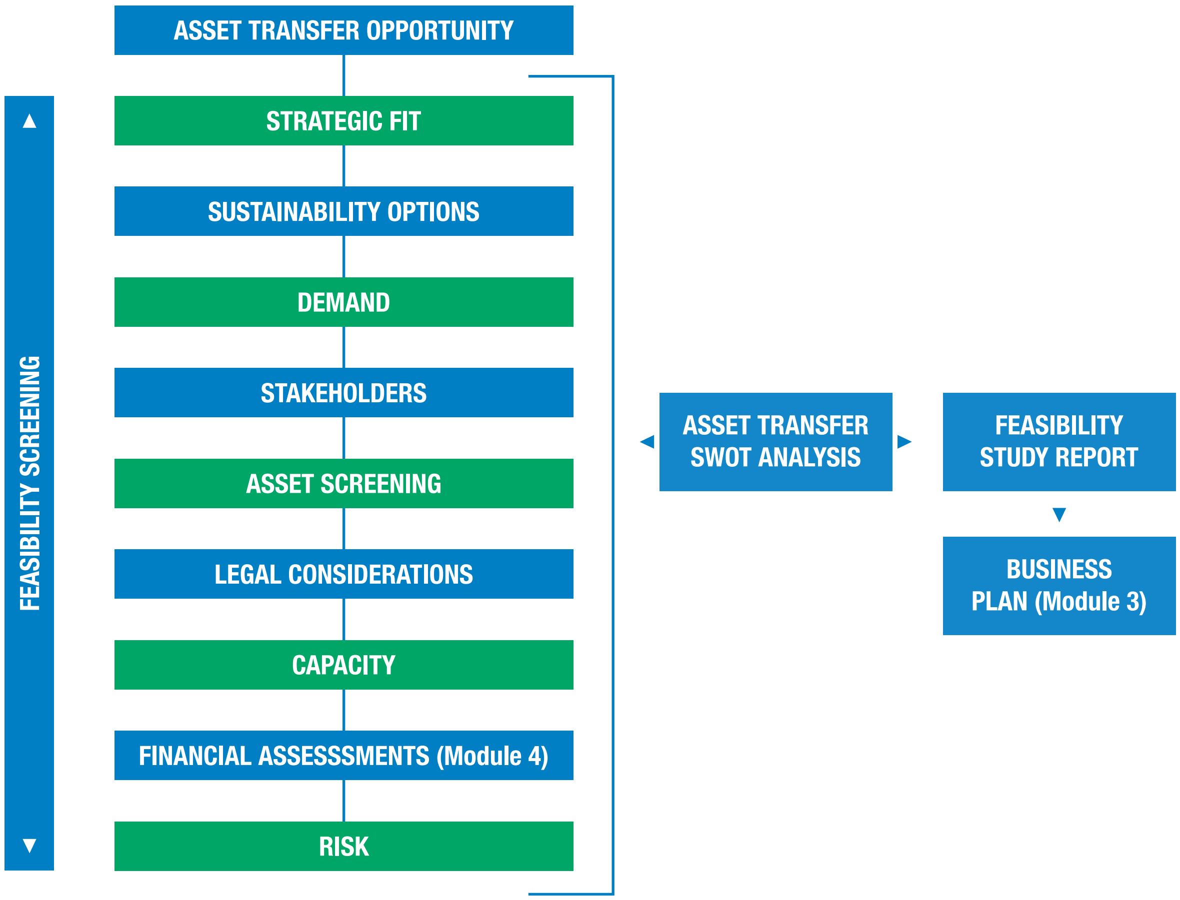
Notes

▶ 1.4 Overview of feasibility screening

Assessing the feasibility of the asset is one of the fundamental steps an organisation will take in relation to an asset transfer opportunity. It is critical that due diligence takes place to ensure that the asset presents the organisation with an opportunity to sustain its operation rather than being a liability.

Key research will be required into the market to ensure there is clear demand for the proposed use of the asset. It is essential that stakeholders are identified and consulted with in order to secure buy-in, which will ultimately enhance the likelihood of future success of the asset. With regard to internal issues, there is a need to analyse the organisation's capacity in relation to taking on the management or ownership of an asset and ensure there is a strategic fit. Conducting a financial assessment of the project is critical, however this will be covered in module 4, Financial Planning. In this module the importance of the sustainability of an organisation will be explored given its importance in the overall process. This module will also support participants to consider the legal issues with taking on an asset to analyse any risk this will create for the organisation as a whole. Checklists are used extensively throughout the module to allow organisations to compile the information which will be used for the feasibility study at the end.

Fig 1.1: Feasibility screening



SECTION 2: Strategic Fit

2.1 Reviewing strategic fit

Prior to commencing the feasibility phase, it is critical that the management committee / board carry out a full analysis of the idea behind the asset transfer opportunity. The asset transfer option should, in real terms, provide an opportunity for the organisation to grow and sustain its operation into the future.

It is vital that this review is undertaken at the outset to ensure there is a strategic fit. For example, there may be an opportunity for the transfer of an asset, such as a school, to a youth based organisation. This asset may come with legal restrictions in terms of the type of activity that can take place within the asset. Assuming the restrictions allow youth based services, then the asset would appear to present an opportunity for the organisation to grow and offer more services. However, if the organisation has developed a strategic priority to generate unrestricted income through trading, then the asset on offer may prohibit this being achieved. The asset would allow the organisation to offer youth services but it may not allow space to be rented out to businesses and social enterprises which would generate unrestricted income. This type of asset transfer could be challenging for the organisation in terms of achieving viability and sustainability given future cuts in funding for services. Strictly covenanted buildings may turn out to be liabilities rather than assets.

Strategically it will be important for a management committee / board to consider a range of options as part of the assessment of strategic fit. These options mirror those in the feasibility study which will follow.

2.2 Strategy Screen Exercise

The strategy screen is a set of decision-making criteria against which an organisation can test or screen three options. In this case the three options are:

- Do nothing
- Progress with the asset transfer
- Expand services from existing premises.

In table 2.1 the decision making criteria in the left hand column are important starting points and organisations should consider amending these criteria should their individual circumstances warrant it.

Rank in order of importance to your organisation. Screen your different strategic options against these, scoring each option according to the criteria, e.g. on a scale of 1–5, where 5 is high.

Table 2.1: Strategy screen exercise

Criteria	Option 1 - do nothing	Option 2 - progress with asset transfer feasibility testing	Option 3 - expand services from existing premises
Fit with mission, vision and values	1	5	2 (limited space)
Impact on beneficiaries			
Demand			
Are we best placed to deliver? (who can do it better?)			
Impact on organisation (structure etc.)			
Capacity to pursue (investment, time commitment etc.)			
Risk – reputation			
Level of support for the option (internal and external)			
Breakeven point (time and value)			
Returns and sustainability (years to receive payback after breakeven)			
Ability to generate cash			
Ability to generate quick win			
	Total	Total	Total

This is one of many tools which could be used to assess if the proposed project offers a clear strategic fit. If the option to progress with the asset transfer opportunity does not achieve the highest score then an organisation will need to consider its position in terms of progressing.

► SECTION 3: Sustainability Options

► 3.1 Asset transfer – evaluating sources of income

Sustainability is a key priority for third sector organisations and many are exploring asset transfer/acquisition and development as a means of becoming more sustainable. Financial viability is vital at all stages of the asset transfer process, e.g. pre-start, set-up and operational, and key to this is ensuring the right source of finance is identified. As shown in figure 3.1, there are a number of sources of income and the most suitable will depend on:

- Type of asset transfer
- Stage of asset transfer
- Purpose of the money
- Benefits and drawbacks of the source of income (See table 3.2).

Fig 3.1: Range of income

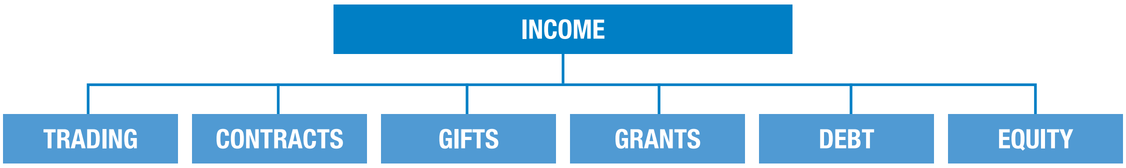


Table 3.1 provides an overview of the different sources of income that may be applicable at each stage of the asset transfer process and table 3.2 provides an overview of the benefits and drawbacks of each source of income. Section 3.2 considers sustainable income generation models.

Table 3.1: Sources of income for community asset transfer

Asset transfer phase	Examples of sources and application of income
Pre-start	Feasibility study grant
Set-up/start-up	Grants
	Equity
	Loans
Operational	Venue hire
	Letting of offices
	Café/outside catering services
	Contract to deliver a recycling service
	Fundraiser to fund an event or programme

Pre-start up, start-up and bootstrapping

It is important to note that inability to access grant funding for the pre-start and start-up stages of your project does not mean you can't get started. It will always be necessary to do some "bootstrapping" – the act of starting a project with no money - or, at least, very little money. Within most groups there are people with skills that they can use to undertake much of the work that is necessary as a volunteer contribution. It is very helpful to do a skills audit of all those involved to ensure you make the best use of these skills. This can be anything from professional expertise to willing volunteers to do questionnaires or run consultation events. Consultants and other professionals are often prepared to do some pro-bono work for groups, with the hope of securing future work.

Notes

3.1 Asset transfer – evaluating sources of income

Table 3.2 provides an overview of some of the advantages and disadvantages that should be considered when evaluating suitable sources of income.

Table 3.2: Sources of income – benefits and drawbacks

Income source	Benefits	Drawbacks
Grant	Guaranteed income Not generally repaid Low risk, low cost Can include specialist support from funder (relevant to community asset transfer) Can be high value	Restricted income Timescales – if payments are received on evidence of spend it may result in cash flow problems Administrative burden Close monitoring Audit requirement Bureaucracy
Debt	Flexibility Specialist lenders such as Social Investment Scotland Fewer reporting requirements	Cost of borrowing Need to repay if encountering financial difficulties Lender may need debt to be repaid quicker Security may be sought
Trading	Unrestricted income Builds up reserves Assists in achieving sustainability Surplus can support socially focused services	Business mindset and skills required Competition levels Financial risk Legal issues Could lose social focus VAT and tax implications
Contracts	Set level of income Secure for a defined period Delivery of services to meet social objectives Contribute to full cost recovery through apportionment Opportunity for collaboration and growth thus generating more income	Competitive Increasing focus on 'most economically advantageous tender' (MEAT) Often seeking larger contract holders for larger areas (can also be an opportunity) Income could be withdrawn if targets are not achieved If payments are outcome / output based it may result in cash flow problems
Gifts	Often unrestricted Growth in crowdfunding opportunities Wider community involvement Allows an organisation to provide a service not supported by grants Not usually time-bound	Can be low value (except in some cases of crowd funding) Challenging to raise money in an economic downturn Regulations apply Need skilled personnel Time-consuming
Equity	Expertise provided due to key interest in the success of the venture Opportunity to attain growth faster with investment New networks Shared financial risk Unlike loan no need to repay	Loss of full control Due diligence is required Legal and regulatory compliance Share a percentage of the surplus/profits

► 3.2 Sustainable income generation models

Acquiring an asset can provide an organisation with a means to generate income, thus contributing to sustainability. Some examples are:

- Letting of office and/or units to start-ups and other voluntary and community groups
- Use of the facility to deliver contracted services contracts, e.g. nursery, day care provision, recycling facility, tourism services
- Hire of rooms for meetings, conferences and activities
- Rental of grounds, e.g. car boot sale, events
- Use of the facility to run a social enterprise, e.g. recycling, café, bar, art gallery, childcare, outside catering
- Sport facilities, e.g. indoor sports centre, playing field
- Outdoor activities (for open space)
- Charging admission to a theatre
- Charging admission to a tourist attraction
- Arts and culture centre
- Garden centre
- Health and fitness centre.

There are a number of key issues when engaging in trading activity as follows:

Mission: where possible, trading activity should be aligned with the organisation's mission, e.g. a community group might acquire a historic building and incorporate a tourism and heritage trading activity.

Legal issues and regulations: organisations that trade need to ensure they do so legally. Charity law imposes certain restrictions on trading activity. There may be a need to adopt an appropriate legal structure, e.g. a company limited by guarantee, or a community interest company (CIC). If the trading activity forms only a part of the service delivery, then the organisation needs to ensure that it can legally trade.

Tax and VAT: trading will have tax and VAT implications and these need to be adhered to. More guidance can be sought from the HMRC website which has a section dealing specifically with charities.

Financial risk: trading carries financial risks, e.g. debtors not paying, cash flow problems, under trading and overtrading. Further guidance and information can be accessed from the following: http://www.bgateway.com/business-guides/finance/cashflow-invoicing-payment-management/cashflow-management-the-basics

Funding: it is important to carefully assess the level of finance needed to set up and operate a trading activity, e.g. capital expenditure and working capital.

Market research: it is important that thorough market research is conducted to ensure there is a demand for the products or services and that the organisation can compete in the marketplace.

Skills and resources: trading requires the right skills, entrepreneurial mindset and resources. Consideration should be given to the impact on staff and existing resources.

Community perspective: the community often view charging for products and services negatively, so it is essential that this is managed carefully.

Failure: if the venture fails, it may have grave implications for the 'parent' organisation, therefore it is important to put protective strategies in place, e.g. ensure it is legally protected from any debt.

► SECTION 4: Demand

► 4.1 Overview

A key element of the feasibility screening phase of planning asset transfer relates to demonstrating that there is a need and demand for the project idea which has been developed. Different projects will originate in different places but are likely to be motivated by a lack of land or buildings to meet community need.

Prior to the asset scoping stage it is assumed that a situation analysis has led an organisation to identify a clear need that matches their project idea. A brief situation analysis in table 4.1 may be useful to highlight the community, facility and service need.

Table 4.1: Situation analysis

Area	Details
Community need	What are the issues facing the community? e.g. unemployment, poverty, anti-social behaviour etc.
	Desk research and stakeholder engagement required
Facility need	Is the proposed facility required in the area? Is there a sustainable gap in the market e.g. GIS mapping for new sports facility
Service need	Thorough research, stakeholder engagement and feasibility screening – identify the demand for the services proposed

To succeed, any proposed public asset transfer must support the priorities of the Scottish Government and aim to create the widest public value. It should also be in line with the provisions of;

Part 5: Asset Transfer, Community Empowerment (Scotland) Act 2015.

Section 82 of the act states that agreements to transfer would be likely to promote or improve:
(i) economic development, (ii) regeneration, (iii) public health, (iv) social wellbeing, or (v) environmental wellbeing.

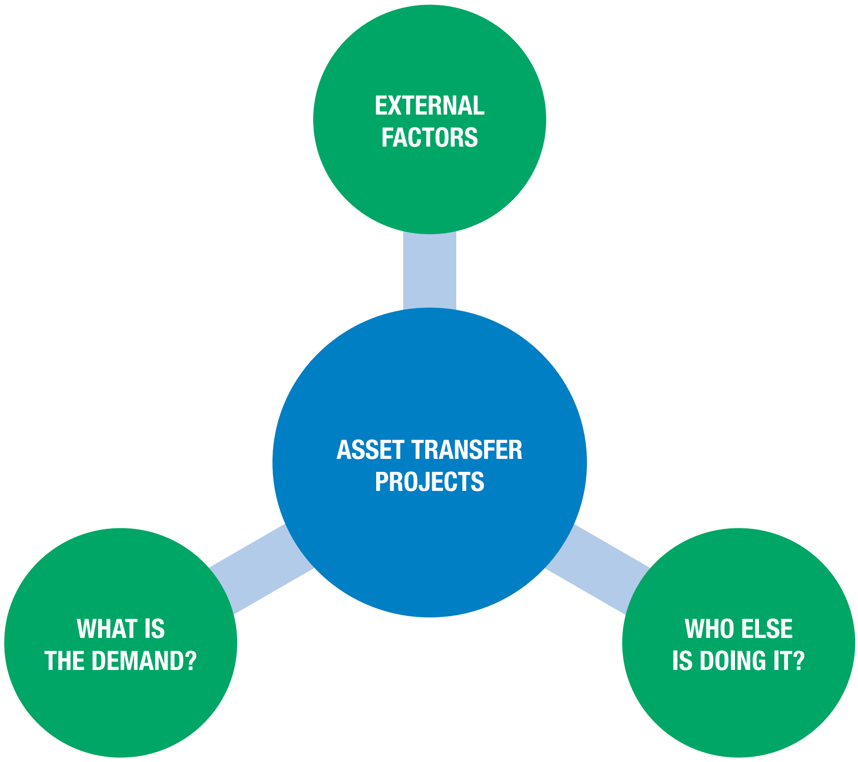
The list below is indicative of the kind of outcomes that should be achieved by successful asset transfer:

- Delivering community benefits
- Supporting development of social enterprise
- Contributing to social, environmental or economic regeneration
- Improving, safeguarding, creating local services/amenities
- Supporting the sustainability of a community organisation
- Improving social cohesion

As a starting point it is worth considering the following key questions relating to the overall project:

- What is the demand?
- Who else is doing it?
- What are the external factors?

Fig 4.1: Asset transfer demand factors



► 4.2 What is the demand?

In relation to identifying the demand for the project, it is essential to understand who the key users and beneficiaries are within the local area and what they want. The following key questions relate to an example of a women's centre, interested in taking on a three storey building to expand their services in terms of women's counselling, training and education and also to start up two social enterprises in outside catering and childcare (they have a small facility for sessional childcare and catering in-house at present). Within the three storey building, they want to rent out four offices to support their sustainability and cover the cost of increasing the women's counselling services to meet current demand (no funding available to do this).

Table 4.2: Quantify the demand

Area	Details
Who are the users/existing and proposed?	**Women and young girls aged 14 upwards** **Café** – centre users **Training and education** – unemployed local women **Counselling** – women with mental health issues, victims of domestic violence **Childcare business** – local mothers and fathers **Outside catering** – community groups and businesses **Office rental** – local businesses / social enterprises
How many users are there at present?	**Childcare** – 30 per annum (at capacity – crèche only linked with education) 30 customers per day at internal **café**, (£120 per day turnover) 300 women on courses in **training and education** per annum 300 women in **counselling** per annum No current users for **office rental**
Demand	178 enquiries for **childcare** in 2016 78 outside **catering requests** in 2016 Waiting list of 127 women for **training and education** Waiting list of 116 for **counselling** In relation to **office rental** all local office provision is full. Estate agent confirmed there is demand for small office space in a secure building

▶ 4.3 Who else is doing it?

Table 4.3 details key issues that stakeholders will need to know about others who offer similar services as those the organisation is proposing within their project. The example is continued to demonstrate the type of information to be gathered.

Table 4.3: Who else is doing it?

Key competitor/ collaborator/other provider questions	Answers
Who else is delivering these services?	No other women only facility within the area – three community organisations delivering training and education but offering different programmes and also at full capacity No social enterprise doing **outside catering**, but three private sector operators in the area – opportunity to attract customers with the #buysocial strapline **No other childcare** facility within a three mile radius Enterprise agencies and private landlords are offering **office** accommodation but most of their offices are large
What are the strengths of other providers competitors/ collaborators?	**Training and education** – some providers in the market. Good quality but no female only provision **Outside catering** – some providers. All are expensive, all have good staff **Childcare** – strong provider but not planning to expand **Counselling** – Women's Aid are excellent but at capacity, local community women's group is also excellent (four miles away) but also at capacity **Office rental** – enterprise agencies and private office rental providers are mixed in terms of the product they offer and the length of lease / license
How will you compete/ collaborate with them?	Collaborate where possible and fill a gap in the market which is not being provided for in the case of childcare, extra training provision, more counselling, small office rental in a secure building
Do your competitors have the space and capacity to expand?	**Childcare** – all at capacity **Training and education** – all local providers are at capacity and don't cater for the women only space **Counselling** – everyone is at capacity in relation to counselling based on funding cuts **Outside catering** – the private sector companies are still trying to increase their market share but do not have strong loyalty from local community customers: the enterprise agencies are not planning to expand to offer more office rental

The example worked through in table 4.3 demonstrates some of the key information that will be necessary to justify a project. Important information to be compiled includes:

- Current demand for existing services
- Actual numbers of enquiries and waiting list details
- Information relating to demand for new services linked to the asset
- Who is currently delivering similar services
- Why the project proposed is best placed to deliver the increased levels of service / business activity that are in demand
- What potential social impact the investment can offer stakeholders (in the case in table 4.4 – the surplus will be diverted into supporting more women through counselling).

4.4 External factors

It is important for an organisation at this stage to consider any trends that could have a significant impact on demand for their project. Trends can either present an opportunity or a threat but the key is to remain aware of them, consider how they may impact upon the organisation and be ready to take advantage of an opportunity and plan action in relation to a potential threat.

A PEST analysis (political, economic, social, and technological) assesses a market, including competitors, from the standpoint of a particular proposition or a project.

Use table 4.4 to complete a PEST analysis for your asset transfer project.

Table 4.4: PEST analysis

Political	Economic	Social	Technological
Example	**Example**	**Example**	**Example**
Government policies such as Community Empowerment (Scotland) Act 2015 Funding, grants and initiatives Wars and conflicts Ecological/environmental current and future legislation International legislation Regulatory bodies and processes Government term and change Trading policies	Unemployment levels Recession Interest rates Government spending General taxation and taxation specific to product/services seasonality issues market/trade cycles Specific industry factors Market routes trends Distribution trends Customer/end-user drivers Interest/exchange rates	Social problems Health issues Youth issues Cultural and ethnic issues Ethical / social responsibility Environmental issues Lifestyle trends Demographics Consumer attitudes and opinions Media views Law changes affecting social factors Brand, company, technology	Social innovation potential Social media E commerce Competing technology development Research funding Replacement technology/solutions Maturity of technology Manufacturing maturity and capacity Information and communications

Use table 4.5 to summarise key data which will be required within a feasibility study to demonstrate demand, competition, social impact and trends that may impact on the project. The first entry is for demonstration only and relates to the women's centre example.

Table 4.5: Demand summary table

Service	New	Existing	Current volume per annum	Unserved demand (waiting list numbers)	Social impact	Competition	Trends that may impact (PEST)
Training and education		x	300	127	(Distance travelled measured through social impact tracker) 98% increased confidence, 92% increased knowledge in xxx etc	Provider X	Change in funding for training and education with cuts, increase in demand due to recession

SECTION 5: Stakeholder Perspective

A stakeholder is effectively someone who has something to gain or lose through the outcomes of a process or project. In many circles these are called interest groups and they can have a powerful bearing on the outcome of a process. In the case of community asset transfer, it is crucial that an organisation at the feasibility phase is identifying the critical people and organisations they need to engage with to make the project a success. It is important to appraise and understand their expectation and experience of the change being undertaken. It is also important that the organisation driving that change is taking account of the positive and negative implications of its actions on its key stakeholders.

It is important to gain consensus at an early stage and iron out any differing views prior to obstacles appearing.

5.1 Benefits of stakeholder engagement

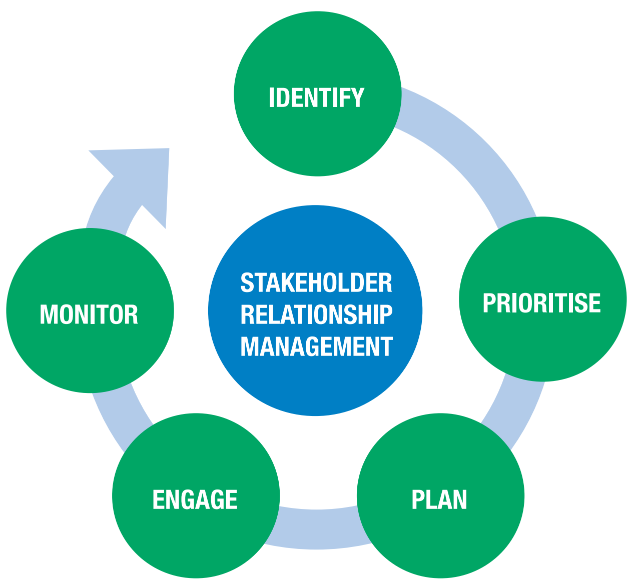
The key benefits of stakeholder engagement are as follows:

- Creates value particularly through the growth that can result from collaboration
- Reduces risk – if there is extensive support then it is more likely to succeed
- Adds value through access to skills and ideas
- Increases the chance of sustainability through reaching a consensus.

5.2 Stakeholder relationship management

In relation to stakeholder relationship management there are five key stages which are detailed in figure 5.1.

Fig 5.1: Stakeholder relationship management



Stage 1: Identify key stakeholders

This is critical as the stakeholders for the new asset may differ from those an organisation currently engages with. For example, if office space is to be developed for rental, it is important to engage with potential tenants who could be either private or social businesses. In those instances where an organisation is seeking to acquire a public asset the asset owner will also be a key stakeholder.

Stage 2: Prioritise

Within the context of the asset there will be groups that are of greater priority in terms of ensuring the project progresses through the feasibility phase. These are likely to include the local community users and potential users as they will help to prove the need, funders, local politicians, local businesses who may be interested in office space.

Stage 3: Plan

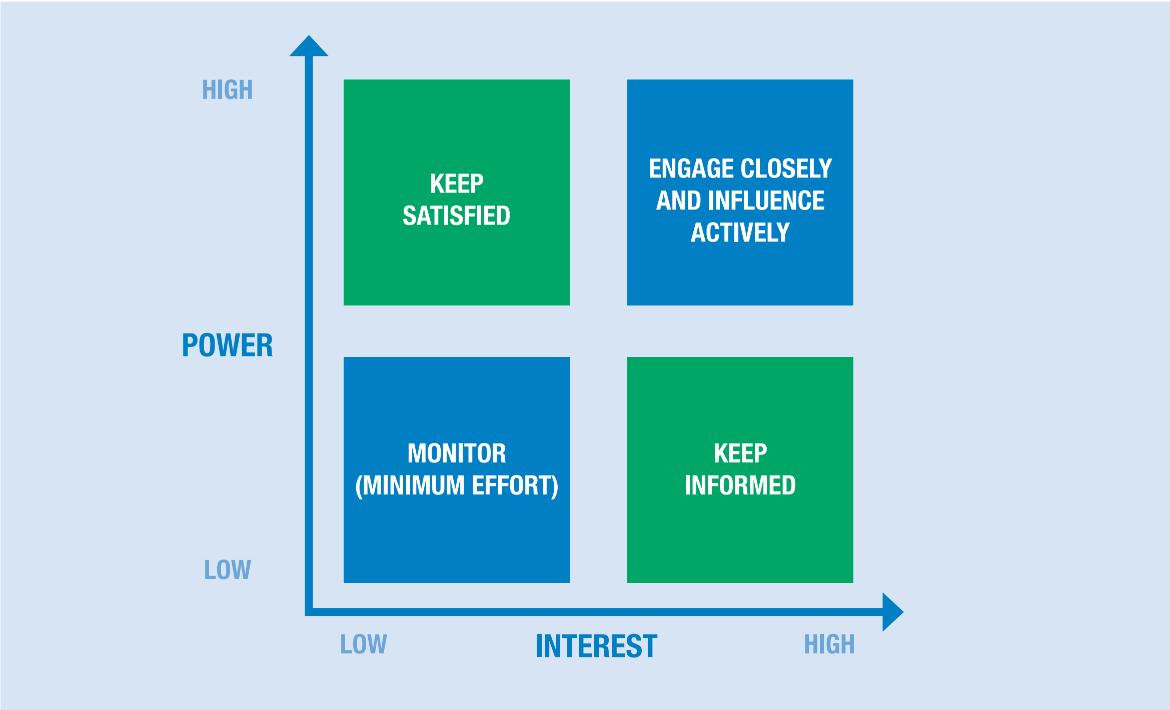
Consideration should be given to developing a plan for stakeholder engagement and management in relation to the asset. The key components of the plan should be as follows:

- Project outline including aims and objectives
- Address the clear need for the facility in the area
- Why asset transfer offers the solution
- How it fits with other strategies for the area (including the organisation itself)
- Detail of stakeholder engagement approaches
- Assign responsibility
- Confirm timescales
- Identify how it will be monitored and evaluated.

When planning your engagement with stakeholders, it may be useful to construct a ‘power interest matrix’ to determine your stakeholders’ level of influence. Where they are deemed to have high interest and high power, in relation to the work of your organisation, then you should plan how you are going to keep them informed about your project and satisfy their requirements.

Figure 5.2 demonstrates a power interest matrix which is a useful tool to facilitate the prioritising of stakeholders for the purpose of the planned asset. Stakeholders of high power and high influence on the grid could, for example, include the local community, the public body transferring the asset and the finance providers.

Fig 5.2: Power interest matrix

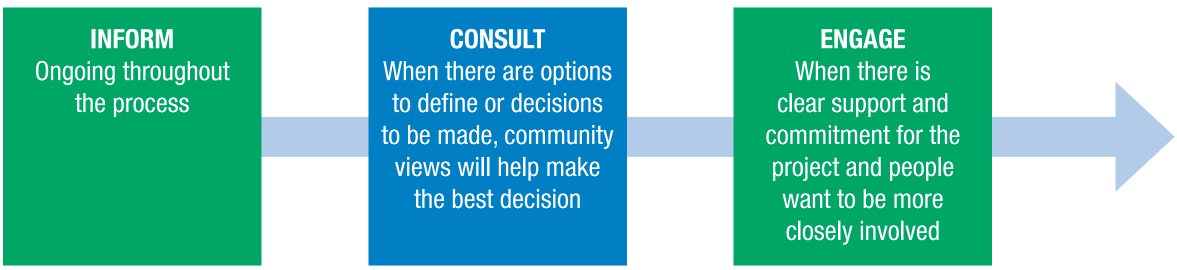


Stage 4: Engage

It is important to communicate with stakeholders in an innovative and efficient manner. Whatever approach is adopted, it is helpful to have a communication plan in place so that the process runs smoothly. For small groups and occasionally large ones, meetings are a good way to get a message across and invite buy-in and feedback. In order to be effective, it's important that this engagement is two-way. Stakeholders need a forum to air concerns and grievances while having the comfort of knowing they will get a response.

Regardless of tactics, the important part of this aspect of the process is understanding and managing stakeholder expectations. Stakeholders need to know when to expect communication and what sort of communication to expect.

Fig 5.3: Stakeholder engagement approach (to be factored into the stakeholder plan)



Use table 5.1 to detail action which you intend to take in terms of communicating with your stakeholders.

Table 5.1: Stakeholder communication table

Tools for informing, consulting and engaging stakeholders for community asset transfer	To be used Yes / No	Action including timeframes
Newsletter updates on the transfer plan and then progress		
Website – section on the project plan and progress		
Social media, Twitter, Facebook, build an online campaign etc.		
Focus groups, working groups, advisory panels		
Posters and leaflets, email and mailing		
Press and media		
Community outreach		
Monthly meetings (funders, politicians, public body disposing of asset)		

Stage 5: Monitor

There is little point in engagement with your stakeholders if it is perceived to be token or ineffectual. Through ongoing meetings it will be clear if key stakeholders are supportive of the plan for the project. It is important to monitor the impact of the engagements and information dissemination to assess what is working well and what isn't, i.e. are stakeholders following the campaign on Twitter? Are they reading the updates on the website etc.? A feedback and review approach would be of clear benefit in terms of monitoring the effectiveness of the approach. Stakeholder involvement is an essential element of preparing for asset transfer. It is also critical in developing a successful project proposal (ensuring community and wider stakeholder commitment) but also in measuring the impact of the work undertaken. The importance of involving stakeholders and the community is explained in detail on our publication 'Involving Your Community', which can be downloaded here http://www.dtascommunityownership.org.uk/resources/coss-publications*

"giving your community, local authorities, funders and other organisations confidence that your project is rooted in community needs and has community support."

"demonstrating the capacity of your organisation to involve and enthuse your community."

"identiying and building new support, skills and experience that your organisation can potentially use other projects and work in the future."

* 'Involving Your Community: a practical guide to the benefits and techniques for involving and consulting local communities in community asset based projects' www.dtascommunityownership.org.uk

► SECTION 6: Asset Screening

► 6.1 Overview

This section is intended to provide guidance on basic asset scoping and screening, allowing organisations to consider the suitability of the asset to meet their needs and also to identify what actions they need to undertake to make progress with the project.

The asset itself is the starting point for any asset scoping or screening. The type, size and condition will determine the scale and complexity of transforming it into the vision the organisation has developed for it. There are examples across the UK of a wide range of successful asset transfers so many things are possible. Some of the most common types of asset being considered for transfer are included in table 6.1 below:

Table 6.1: Examples of asset transfer buildings

Swimming pools	**Churches**
Cinemas	**Gymnasiums**
Public houses/bars	**Leisure centres**
Shops	**Warehouses**
Schools	**Museums**
Town halls	**Piers, harbours, marinas**
Sports pitches	**Nature reserves**
Reservoirs	**Forestry**

► 6.2 Initial asset screening

At a minimum, the first questions to be answered are the ‘project make or break questions’ in table 6.2. The answers to the questions will, and should, become more detailed as the organisation goes through the process and develops more in-depth research.

Completing the questions at this initial stage will serve to identify how much research needs to be done. Use the traffic light system to reflect where you are in terms of scoping the asset: red – no progress, amber – moderate progress, green – well advanced.

Table 6.2: Initial asset scoping

Issue	R A G	Action
Have you identified suitable land/building? If so, on what terms – costs, conditions (for example, whether a lease or freehold on land or buildings is proposed, or whether there are limitations like restrictive covenants on their use and development)? Has a legal search been done? Is there a written confirmation from the owner?		
Can the asset be developed to meet project objectives from a technical point of view? For example, is it possible to fit what is wanted on the site / building, will it meet planning standards and policy and therefore get planning permission? Has an architect looked at it? Has a surveyor looked at site/building conditions?		
Is there sufficient demand for what is proposed to make the project viable? Have you identified a need? For example, is there a demand for workspace, shops or housing at the right price to enable the project to cover costs? Have property agents been asked about the market and prices locally?		
Are permissions necessary and are they likely to be given (planning permission or listed building consent for example)? Have discussions been held with local planners or have local planning policy documents been examined?		
Is there sufficient stakeholder support? What consultation has taken place about the project? Are there funders that can be approached?		
Is there an organisation or individual people who can make it happen? Who is going to lead? When does an organisation need to be set up? How much time and resources do they have to pursue the project?		

Table 6.2: Initial asset scoping (continued)

Issue	R A G	Action
Is there likely to be financial support available to implement the project? Is it available on the right terms and conditions?		
Does the organisation (if applicable) promoting the project have the legal powers to do what is proposed and is it prepared to champion the project through the process? Have the governing documents of the organisation been checked?		
Is there enough time to plan and implement the project? For example, is it possible to plan and fundraise for the project before it is proposed to be demolished or sold, or falls down? Have the key external dates for the future of the building or land been identified? How firm/flexible are they?		
Are there any other barriers? How can they be overcome? Is there a way around or a way to address the barriers that have been identified?		

If the response to most questions in table 6.2 can be categorised as amber or red then there is considerably more research and scoping to be undertaken prior to progressing with the project.

Based on your answers in the checklist (table 6.2), use the space below to collate three priority actions which must be undertaken in order to progress the project and include the timeframe.

6.3 Matching the organisation to the asset

It is critical to be clear about what an organisation plans to do within the building or how it will utilise land or other assets. Use table 6.3 to detail how the asset will be used, for example what services will be provided and what space will be used for enterprising activity. An example has been inserted for both community and enterprise use for demonstration only. This will assist you to start to consider if there is going to be a balance in terms of unrestricted income to sustain the operation in the long term.

Table 6.3: Proposed activity in the asset

Service	How often	Volume	Who will oversee	Action needed to progress
Community				
Training and education (expansion of existing activity)	Three days and two evenings per week	300 per year	Training manager	Secure contract for additional courses

Enterprise				
Office rental (new activity)	Annually for one office, flexible letting for the other	2 x 150 square feet	Operations	Ensure fit out to a good enough standard. Work out rent and service charge to ensure full cost recovery

It will be necessary to complete a detailed schedule to ensure that the proposed asset will allow an organisation to deliver and expand their existing services. This is likely to include the following:

- A list of all space within the building
- How it will be configured (i.e. how many offices, how large etc.)
- How it will be used (i.e. four offices for rental)
- What income can be generated from each space (from enterprise activity and from apportionment from services for overheads etc.

This information will all form part of the feasibility study and business plan which will follow. More information on a business plan is provided in Module 3, Business Planning.

► 6.4 Forms of tenure

Community asset transfer should be understood as a spectrum which ranges from management agreements to leases of varying duration through to full ownership. Although for most organisations outright ownership is the preferred option, sometimes leases, with an option to purchase later written in, can be a better option. This allows less experienced groups to "try and see" and helps manage risk.

It is important to note that a decision by a public body to dispose of an asset at less than market value carries an opportunity cost. So, while there will be benefits of a non-monetary nature delivered by the transfer, there will be a corresponding gap in public finances that will not be available for investment in other public services. That will be an important consideration in any transfer and for that reason the associated business case will be assessed with the same rigour as for a capital grant.

It should also be emphasised that, in many cases, disposal at full market value will continue to be the preferred option for asset owners. Part 5: Asset Transfer of the Community Empowerment (Scotland) Act 2015 will, however, ensure that community asset transfer is a mainstream option as part of the disposal process.

Local authorities in Scotland have powers to dispose of land and assests at less than market value, referred to as 'best value' or even at a very nominal cost, under The Disposal of Land by Local Authorities (Scotland) Regulations 2010. provided the circumstances in figure 6.1 are adhered to.

Fig 6.1: Circumstances from The Disposal of Land by Local Authorities (Scotland) Regulations 2010

Social Value

The circumstances in which a local authority may dispose of land for a consideration less than the best that can reasonably be obtained are that:

(a) the local authority is satisfied that the disposal for that consideration is reasonable

(b) the disposal is likely to contribute to any of the purposes set out in paragraph (2), in respect of the whole or any part of the area of the local authority or any persons resident or present in its area.

Those purposes are the promotion or improvement of:

(a) economic development or regeneration
(b) health
(c) social wellbeing
(d) environmental wellbeing.

In the amended Scottish Public Finance Manual of 2014 which provides guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds it states “Where there are wider public benefits consistent with the principles of Best Value to be gained from a transaction, disposing bodies should consider disposal of assets at less than market value. This includes supporting the acquisition of assets by community bodies, where appropriate.”

Table 6.4b: Forms of tenure

Types of Tenure	Advantages	Disadvantages
TITLE Buying the property as owner	Security of ownership Creates sellable asset Independence Can use the asset to help raise funding Not subject to service charges Freedom to improve or redevelop the asset, and to attract grants to do so (subject to planning, etc constraints, certain title conditions and the conditions of any security)	Expense of purchase Cost of repairs and insurance May not be sellable if in poor condition Land and Buildings Transaction Tax (LBTT) if charitable relief not given
LEASE Taking a lease for a fixed period of years at an annual rent (In Scotland leases of over 20 years can be called "long" but terms depend upon what the parties have negotiated.)	In some cases (e.g. longer leases, or sometimes by agreement, shorter leases) rent may be low or peppercorn Longer leases may have few obligations placed upon the tenant, almost akin to ownership. It is possible to charge the tenant's interest in a lease of over 20 years (often with landlord's consent)	Shorter leases: - expense of rent (which may increase at regular intervals) and service charge - restrictions on use, alterations and alienation (ie assignation, sub-letting, sharing occupation, charging, etc) Longer leases: - if premium paid, expense - cost of repairs and insurance - may not be assignable if in poor condition LBTT if charitable relief not given (depending upon rent and term)
LICENCE TO OCCUPY Formal written permission to occupy for a short period (In Scotland, if an arrangement has parties, a rent, a duration and premises there is a lease; however, licences to occupy are often used for a short term arrangement or where the premises are not "fixed".)	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	Restrictive in terms of use, alterations, etc. Disposal usually prohibited

6.5 Outline of feasibility costs

A full financial assessment of the project will be conducted in Module 4, Financial Planning, but it is important to start to identify the costs and revenue streams and proposed action at the earliest stage. Table 6.5 provides an opportunity to detail costs, sources of funding secured / applied for and action to be undertaken to progress the project in this respect. The checklists in Table 6.5 and 6.6 should be continually updated as the project progresses and costs become clearer.

Table 6.5: Feasibility checklist: implementation costs

Activity	Cost £	Source	Secured Yes/No	Action
Land/site acquisition				
New or revised legal body				
People (project manager)				
Construction				
Insurance				
Fixtures/fitting/ equipment				
Advisors (professional fees)				
VAT				
Other				
Total				

Table 6.5 relates to the finance required to get the project up and running. However, crucial to the sustainability, viability and success of the project will be the ability to sustain the venture in the longer term. At this stage, it is vital to identify any future costs that may be applicable.

Table 6.6 provides a checklist of what costs may need to be incurred to run and maintain the project.

Table 6.6: Feasibility checklist: ongoing costs

Activity	Cost £	Source	Secured Yes/No	Action
Staff salaries				
Overheads				
Insurance				
Professional fees				
Contractors (service agreements)				
New or revised legal body (administration)				
Finance costs (loan)				
VAT				
Other				
Total				

► 6.6 Before you start

Using a red – amber – green indicator for readiness, table 6.7 allows you to scope the proposed asset (site or building)

Table 6.7: Before you start checklist

Action	Red/amber/green (RAG)	Notes and action points
Get to know the building Physical and social history (what does it mean to the community? Is it listed?), understand how the building works, what usage has the building had, what must be maintained for historical, social or practical reasons		
Get to know the area Map out competing and collaborative organisations, how does the site fit with other facilities and amenities, demographics and social make-up of the area		
Develop a collective vision Work with staff, user groups and local people to outline what you want the building to achieve and how you want it to feel		
Develop the design brief alongside the business plan Build your brief based on activities and interaction, possibilities and limitations; consider long-term maintenance and resourcing		
Make sure the building is right for your project Is it in the right place, with the right links to transport, other activities etc. Can a refurbishment lead to the creation of spaces that work for your group, local people and all the activities outlined in the business plan? Can it be managed and maintained by your organisation or is support needed?		
Get the right professional advice Develop a clear specification of what you are looking for and what you want to achieve. Only choose the right team you feel you can work with (collaborative and understanding relationship)		

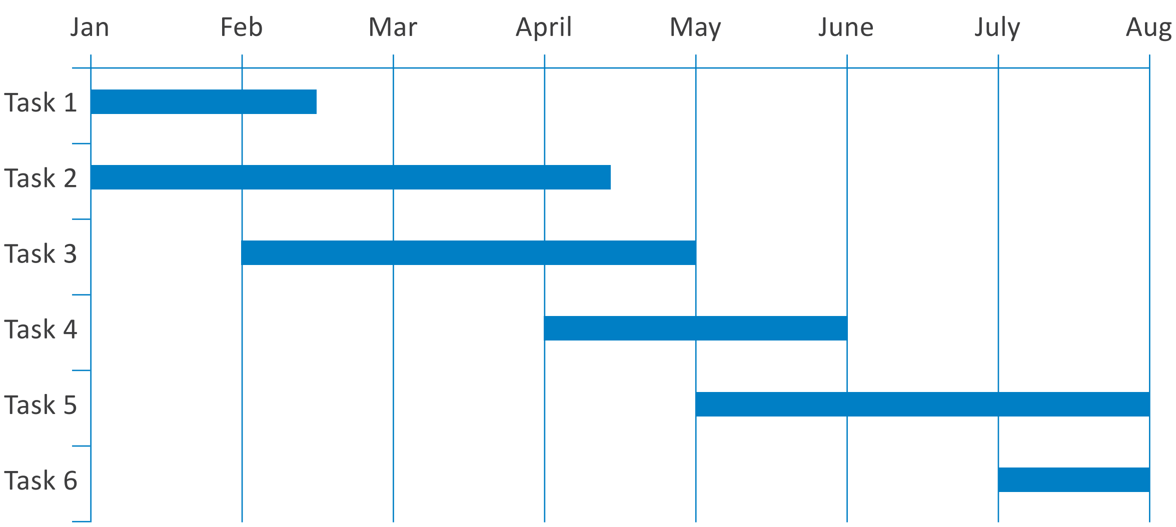
Source: Making Buildings Work for You" Asset Transfer Unit

► 6.7 Planning the development

It is common for organisations that are new to asset development to underestimate the timeframe for each phase to be completed. For example, the input from the architect, the planning process and the construction phase can be impacted by so many issues, as well as the time it can take to deal with snagging and other final touches.

In relation to the overall planning of a project, a Gantt chart is a useful tool for providing a timeline of when key actions must take place to keep the plan on target. It is also useful to monitor the progress of a project.

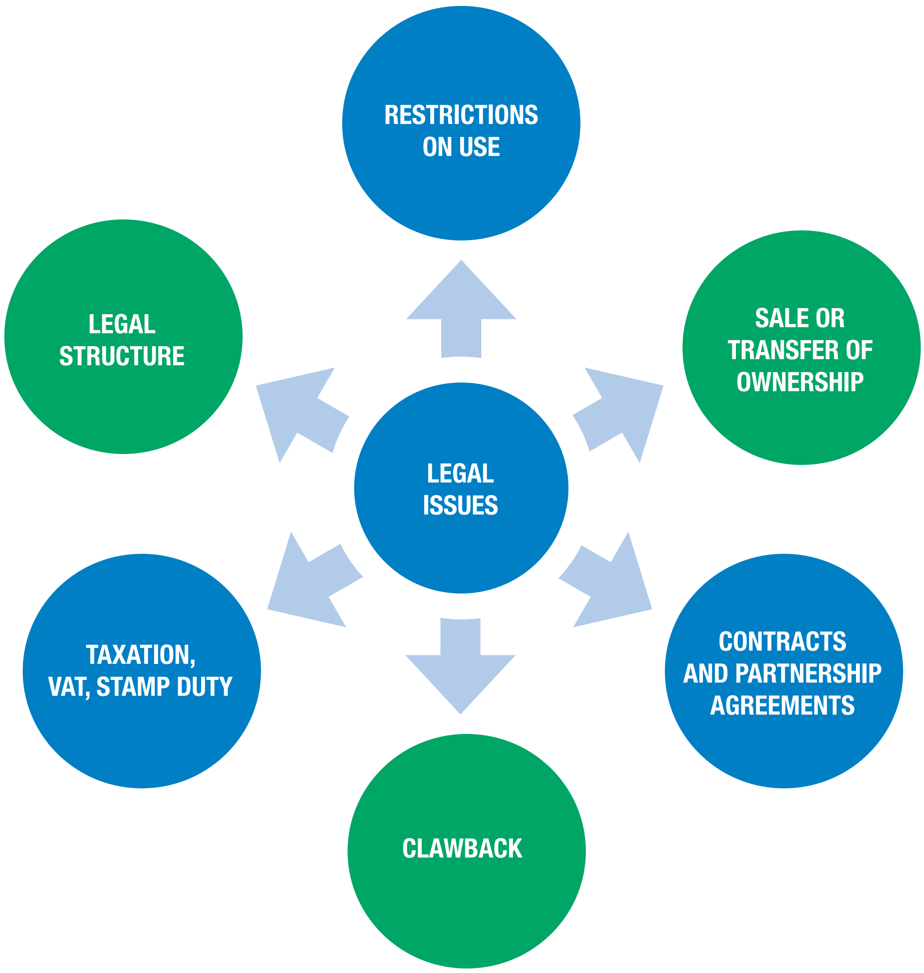
Fig 6.2: Example of Gantt chart



At the end of the asset assessment phase, there should be a strong indication of the viability and sustainability of the project. If it appears to demonstrate a viable case then a full feasibility study should be completed (subject to access to finance or expertise for its completion). The feasibility study may provide information on two or three options for the use of the asset, one of which will be selected for inclusion in the business plan. This should be the option that demonstrates the greatest community impact, viability and sustainability.

Community asset transfer can involve significant legal issues which an organisation needs to consider at the feasibility stage. The issue of the sale or transfer of the asset is detailed in section 6.4 under types of tenure but there are other key legal considerations which should be factored in at the feasibility phase. These are detailed in figure 7.1.

Fig 7.1: Legal issues



▸ 7.1 Restrictions

It is important to ascertain at the outset if there are any restrictions on the use or development of the asset which may have been imposed in the past but can create a restriction for future owners. This could be the case in relation to the transfer of a school, or land from a church. There may be a restriction on what future owners can do or develop on the site. The asset may, for example, be restricted to deliver services that enhance educational attainment of young people. Another restriction which could apply to a site is that rights of way may have been granted over the land to other people.

7.2 Selecting the appropriate legal structure

Selecting the appropriate legal structure for the organisation in relation to the transfer of the asset will require consideration. Detail of the range of options available and the implications of each is contained in Module 5, Governance and People. If a new organisation is required, it may be because no existing organisation is willing or has the financial strength or track record to take the project forward. It is important that an organisation does not rush into a legal structure until it has thought through what it is it wants to do. For example, if it intends to trade, it may be that charitable status will not be attainable. Advice should be sought in advance of taking these decisions. Potential legal structures that an organisation will consider at the feasibility stage are detailed in figure 7.2.

It is vital that the appropriate legal structure is considered for the asset. In order for this to occur it is imperative that the short-term, medium-term and long-term objectives for the asset are clear. It is important also to know what the asset will be used for and what the organisation which takes on the management or ownership will be doing in the long term.

Legal advice should be sought in respect of this area. It is likely that the public body transferring the asset will use their legal representatives to draw up the appropriate legal documentation for the sale or transfer of the asset. Some public bodies may expect their external legal costs to be met by the community organisation. It is important to check this in advance and to receive a quote for any potential legal costs to be covered by the community. It is important to be aware that criteria of grant funding may not allow these costs to be met.

Fig 7.2: Legal structures for ownership of assets

LEGAL STRUCTURES

- Company limited by guarantee
- SCIO (Scottish Charitable Incorporated Organisation)
- Cooperative or Community Benefit Society (BenComm)

Fig 7.2.1

Community Empowerment Scotland Act requirements for legal structures depends on the proposed tenure. For lease agreements:

- a written constitution that includes the following –

(a) a definition of the community to which the body relates;
(b) provision that the majority of the members of the body consists of members of that community;
(c) provision that the members of the body, who consist of members of that community, have control of the body;
(d) provision that membership of the body is open to any member of that community;
(e) a statement of the body's aims and purposes, including the promotion of a benefit for that community; and
(f) provision that any surplus funds or assets of the body are to be applied for the benefit of that community.

Fig 7.2.2

For ownership the condition as above but the organisation must be incorporated as:

- a SCIO, Community Benefit Society or Company all of which require a provision that it has no fewer than 20 members.

7.3 The sale or transfer of ownership

The negotiations relating to this element are the most important of all negotiations in respect of the asset. This agreement will set the rent / acquisition price which will determine the viability and sustainability of the project. If the price is too high then the potential transfer may not be viable or sustainable in the short, medium or long term. It is critical that an organisation is aware of the implication for the overall feasibility of the project if the price is too high. In the Community Empowerment (Scotland) Act 2015 it is the community that sets the price it is willing to pay.

7.4 Contracts and partnership agreements

Contracts and partnership agreements may be required with a range of suppliers, professional advisers and stakeholders. There will clearly be a contract with the design and build team. Three other forms of agreement are as follows:

- **Management agreements** – often an agreement between a local authority or other public body owner and another organisation to cooperate in managing a building to deliver enhanced services to the local community it serves. The form of agreement gives no right to occupation, security or legal interest in the building.

- **Service level agreements** – this is an agreement between two partners for a set period of time for the delivery of services usually in exchange for financial support.

- **Clawback agreements** – this is an agreement which can be imposed by a public agency through a charge or legal conditions being placed on the asset transfer. Conditions can include, for example, a need to consult them before disposal or reimbursement of any discount given. It is important that any use of clawback provisions complies with Government guidance i.e. “it is flexible and imaginative and should not create barriers to wider policy objectives” (HM Treasury 2006).

▶ 7.5 Taxation

Professional advice should be sought in relation to issues such as VAT and Land and Buildings Transaction Tax (“LBTT”) (the tax replacing Stamp Duty Land Tax in Scotland).

VAT

It is critical that an organisation factors in VAT to their budget. VAT on construction works vary according to the building use being created (e.g. some buildings for some uses attract zero rating), the status of the building (e.g. whether it is listed), the nature of the construction work (whether it is a refurbishment or new construction) and whether a registered charity is involved.

There have been occasions where organisations have been subject to a bill that included VAT following on from the design and build process and they had not factored this into their budget. One example could be if the new build construction was zero rated but the professional fees for the design and build were standard rate (which is always the case). This could result in a cost of many thousands of pounds that an organisation has no funds to finance. This example is not uncommon.

VAT is payable at the standard rate for all professional fees associated with the development and construction process.

Land and Buildings Transaction Tax

It is important to understand that there could be another charge to factor in relating to the purchase of land or property. LBTT is charged at increasing percentages on slices of the purchase price (and, in the case of commercial leases, according to a calculation based on the rent and term (returns are required during the lease term). LBTT is payable on the amount chargeable plus VAT but charitable relief (or funding for payment of LBTT on purchases) may be available. Advice should be sought from a professional adviser on this. Use the checklist in table 7.1 to compile a list of legal issues that relate to your development.

On a scale of 1 – 5, where 1 = not developed; 2 = under developed; 3 = under consideration; 4 = in development and 5 = well developed and regularly reviewed, use the checklist in 7.1 to rate the organisation in relation to the knowledge of legal issues relating to the asset transfer. In relation to legal issues many organisations will seek professional support which can be noted as an action in the notes column to the right.

Table 7.1: Legal checklist

Key area	1	2	3	4	5	Action required including timeframe
Knowledge of restrictions on use relating to the project	●	●	●	●	●	
Knowledge of whether a new legal structure will be developed and which one	●	●	●	●	●	
Knowledge of the types of ‘interest’ such as freehold, leases, licences	●	●	●	●	●	
Taxation issues – VAT and SDLT	●	●	●	●	●	

► SECTION 8: Capacity

► 8.1 Overview

Organisations within the third sector vary immensely in terms of size, capability and capacity. In terms of asset ownership and management, Joseph Rowntree Foundation Report, Aiken et al ('Community organisations controlling assets: a better understanding', 2011) identifies three main bands of organisations in the asset transfer spectrum (see figure 8.1).

The report categorises them as stewards, community developers and entrepreneurs as shown in figure 8.1. Regardless of where an organisation features on the spectrum, in order for a transfer to progress there is a responsibility on a public body to undertake due diligence to manage any risk which may impact upon them in the event of an unsuccessful transfer. Therefore building capacity and capability is vital.

Fig 8.1: Bands of organisations in the asset transfer spectrum

STEWARDS	COMMUNITY DEVELOPERS	ENTREPRENEURS
• Small, mainly volunteer run. • Single, long standing asset used largely by local groups and residents. • Low income, rarely employ staff.	• Medium-sized organisations, often with a range of assets, involved in local service delivery and local partnerships. • Usually with paid staff and a mix of sources of income.	• Organisations running larger, commercially styled social enterprises. • While still community based, have a mix of assets for social and commercial purposes and a business model. • More likely to have capital-intensive assets.

Source: Aiken et al, "Community organisations controlling assets: a better understanding", 2011

Within the asset transfer process it is important to recognise that it is completely legitimate for an organisation to identify as anyone of these types. It should be recognised by agencies transferring assets that there should be proportionality in the size, scope and detail required in business plans or feasibility between these types.

► 8.2 Internal assessment

A key aspect of the feasibility phase of community asset transfer is the internal assessment of capacity and capability in terms of adding the asset and the associated additional services to the organisation's portfolio. It is critical that an organisation has the systems, procedures and governance in place to take on the management or ownership of the asset. It must also factor in the additional services that it would hope to deliver following asset acquisition.

Public sector bodies will require evidence of a strong track record of delivery, effective governance and controls in place together with high levels of community and other stakeholder support. The checklist in table 8.1 will serve as a quick review of internal capacity which may result in support being sought to enhance and build further capability and capacity in the organisation.

8.3 Capacity and capability assessment tools

Module 5, Governance and People, provides guidance on tools that can be applied to assist an organisation to conduct an internal analysis. These are online assessment tools that will measure capacity and capability across the staff and management committee in a wide range of areas, including management, leadership, governance, adaptability to change, organisational culture, knowledge of the external environment and other key areas.

These tools will provide an organisation with a report in terms of areas of weakness in relation to capacity. If an organisation does not use a capacity assessment tool, it is essential that a management committee / board commits to conducting an internal assessment to ensure that the capacity, skills and capability required for the management / ownership of an asset are in place. If they are not in place then action should be taken to address any weaknesses.

Notes

On a scale of 1 – 5, where 1 = not developed; 2 = under developed; 3 = under consideration; 4 = in development and 5 = well developed and regularly reviewed, use the checklist in table 8.1 to rate the organisation in relation to the following:

Table 8.1: Asset transfer related capacity checklist

Key area	1	2	3	4	5	Action required including timeframe
Clear value led mission and agenda from local community	●	●	●	●	●	
Legal model and governance structure	●	●	●	●	●	
Effective leadership	●	●	●	●	●	
Constantly developed in-house capacity	●	●	●	●	●	
Effective planning (strategic, operational, business)	●	●	●	●	●	
Strong working relationships with local agencies and partners	●	●	●	●	●	
Robust management skills and systems	●	●	●	●	●	
Strong knowledge of the external environment	●	●	●	●	●	
Skills on management committee and staff team relating to the project	●	●	●	●	●	
Adaptability to change (management committee/board and staff team)	●	●	●	●	●	
Monitoring and measuring	●	●	●	●	●	

Where a score of three and below is recorded then there will be a need to address these areas of weakness through accessing support from Community Ownership Support Service. Details of where an organisation can access further support is contained in Module 5, Governance and People.

SECTION 9: Risk Analysis

9.1 Overview

Taking on the ownership or management of an asset will introduce a new level of risk to an organisation particularly if it has not previously had responsibility for a comparable physical space.

As part of the feasibility stage of assessing the asset it is critical that a risk analysis is undertaken. Given the potential impact to an organisation of the addition of an asset it is essential that all possible risks are identified, assessed, and the action agreed to manage the risk and conduct ongoing monitoring and review of the risk.

Most organisations will have a risk management policy in place. The opportunity to take on the management or ownership of an asset should be seen as a good time to review the risk management policy. The organisation should ensure that the policy is reflective of the organisation and its mission and accommodates the risk assessment and analysis process which will form part of this feasibility phase of the community asset transfer process.

Therefore it is important that an organisation undertakes the following steps at the feasibility phase:

1. Develops or reviews a risk policy
2. Identifies potential risks relating to the community asset transfer opportunity
3. Undertakes a risk assessment
4. Identifies and undertakes action to manage / mitigate the risk
5. Monitors and controls the risk.

Step 1 – develop a risk management policy

It is likely that most organisations with good governance will have a risk management policy in place. It may however be a document that is not reviewed or implemented. Given the inherent risks (and opportunities) of taking on the ownership or management of an asset, it will be important to review this at the outset. The risk management policy details the approach to risk management in an organisation. It lays out the principles an organisation will follow for managing risk. The policy also outlines the process for managing risk and informs which key personnel are responsible for each element of risk management within the organisation.

Step 2 – risk identification

Risks are often categorised under the following headings:

- Financial
- Strategic
- Operational
- Hazard.

They come from both internal and external sources. Internal risks could include failure to complete the asset development within budget or loss of a key contract linked to planned service delivery for the new asset. Conducting a SWOT (strengths, weaknesses, opportunities, threats) analysis and a PEST analysis will assist an organisation to identify both internal and external risks.

Step 3 – risk assessment

Risk assessment is the process of categorising, analysing and evaluating risk. It should be a formal process with the management committee / board inputting at the asset feasibility phase to allow all risks to be identified and assessed. There are three key stages involved in risk assessment.

- Stage one – risks are categorised according to the likelihood of occurrence, e.g. a remote or high probability of occurrence.
- Stage two – involves specifying the severity of impact, e.g. insignificant or extreme.
- Stage three – involves prioritising all identified risks into a scale of occurrence and likelihood of impact.

Risk registers are used to log and record how risks will be addressed. Keeping a register of risks enables an organisation to assess risks regularly and update the risk register, when necessary. Throughout the asset transfer process the risk register should be reviewed at least monthly.

Step 4 – take action

It is critical to clearly identify how risks will be managed. This can include how to prevent a risk from occurring and how to reduce the impact, should it happen. The main options available are tolerate, treat, transfer, terminate and avoid. The risk register / action plan should specify what the action will be, who is responsible for the action and when it will be carried out. Any costs should also be provided. See table 9.1 for a summary action plan example and table 9.2 for a more detailed template for a risk register.

Step 5 – monitoring and control

Risk monitoring and control is the process of reviewing the response to identified risks, tracking and monitoring the identified risks, and identifying and responding to new risks as they occur.

9.2 Risk summary action plan

In relation to community asset transfer at the feasibility phase, potential risks are identified in table 9.1. Whilst risks such as occupancy levels of the building relate to the implementation phase of the project, they need to be considered at the feasibility phase to determine impact, viability and sustainability issues. The table 9.1 is not a risk register, it is simply an example of some risks that could be associated with the project.

Table 9.1

Key risk	Action required	By whom	By when	Cost/budget
Cost increasing on the construction	Agree price with contractor. Sign a legal agreement with penalties for late completion. Agree loan and grant income to cover cost. Build in a contingency with funder	CEO	June 2017	N/A
Failure to secure full funding	Source alternative funding. Complete projections and assess implication and viability	CEO	June 2017	N/A
Failure to secure 80% occupancy of office space in year one	Identify new customer groups, consider diversifying the use of the office, hot desking, weekly rental etc.	Finance Manager and CEO	July 2017	N/A
Failure to secure full cost recovery	Factor in a higher apportionment for other projects within the organisation. Increase service charge and rent. Conduct research to determine if market will tolerate an increase in price	Finance Manager and CEO	July 2017	N/A
Loss of contract to deliver a health and social care project from within the asset	Consider alternative tenders and contracts, consider cost cutting measures. Review implication on the viability of the asset without an apportionment of income from rent from the project.	Finance Manager and CEO	July 2017	N/A

The Charity Commission has a useful publication entitled Charities and Risk Management. Be aware that this document refers to England and Wales and adjust for Scottish relevance where appropriate.

▶ 9.3 Risk register

Table 9.2 is a template for a risk register which can be further modified for an organisation. Many organisations use a spreadsheet adopting a traffic light system in terms of highlighting areas of high risk (red), moderate risk (amber) and low risk (green). Use the space to detail a number of the key risks that you have identified for your organisation.

Table 9.2: Risk register template

No.	Risk owner	Date identified	Last date updated	Description	Likelihood 1-5 (1 less likely)	Expected impact of risk 1-5 (1 less likely)	Total
1	CEO	1/6/14	15/6/14	Failure to secure the funding package of grant and loan for transfer	3	5	15
2	CEO	1/5/15	1/6/14	Risk of full cost recovery not being achieved due to 50% of usage of hall non income generating	4	5	20

Bearer	Proposed countermeasures	Financial impact	Residual risk tolerable	Further action required/contingency plan	Date of last review
Organisation x, and public body transferring the asset	Complete business plan, meet with funder, meet with SIS, Charity back £xxxx	£xxxx	No	Source alternative funding, consider alternative lender	
Organisation x	Redo financial projections in business plan, amend to 60% of usage income generating which achieves full cost recovery	£5000 per annum shortfall	Yes	Communicate with users and stakeholder about this change	

► SECTION 10: SWOT

► 10.1 Asset transfer and SWOT analysis

A SWOT analysis is a framework used to identify an organisation's 'internal' strengths and weaknesses and 'external' opportunities and threats. It can act as an impetus for analysing the key internal issues which may impact upon an asset transfer project and provide an insight into potential external issues that may affect it. A SWOT analysis can also serve as a basis for directing and devising strategies and tactics relating to asset transfer. In essence, a SWOT analysis is a summary of the key issues identified in the feasibility phase of asset transfer. Use table 10.1 to help you prepare a SWOT analysis for your asset transfer project.

Table 10.1: SWOT analysis

STRENGTHS	WEAKNESSES
OPPORTUNITIES	**THREATS**

INTERNAL ISSUES TO CONSIDER

STRENGTHS

- Experience
- Location
- Capacity and Resources
- Capability and Skills

WEAKNESSES

- Market position/Brand
- Quality
- Risk
- Governance

EXTERNAL ISSUES TO CONSIDER

OPPORTUNITIES

- Partnerships and Collaborations
- Community Asset Transfer Policy
- Government Procurement Agenda
- New Funding Opportunities

THREATS

- Decrease in Funding
- Competitors
- Regulations

► SECTION 11: Professional Support

Community asset transfer is complex therefore it is advisable to use the services of professionals, where applicable, e.g. an architect, building contractor, quantity surveyor, mechanical and / or electrical engineer, financial advisor, solicitor, accountant and a consultant. Before engaging the services of professionals, be clear about what they are required to do and what the outputs of the work will be. It is advisable to draw up a service level agreement, clearly setting out the terms and conditions of the work etc. Some key things to consider when using professional advisors are:

- How will they be selected?
- Is there a need to procure for the services?
- What are the costs and how will this be funded?
- What instructions will be given to the advisors?
- Who will be responsible for managing/overseeing the work of the advisors?
- Should a service level agreement be drawn up?

Use table 11.1 to help identify the professional support required for your asset transfer project.

Table 11.1: Professional adviser support required

Support required	Action	Cost	Funding
Consultant to complete feasibility study and business plan	Put brief out to invite proposals following procurement policy	£3000	Reserves

▸ SECTION 12: Feasibility Study

A feasibility study examines if a project has potential to succeed. Its purpose is to answer the following fundamental questions:

- Is there a need for the project?
- Can it be accomplished?
- Is it a viable proposition?
- Is it sustainable in the long term?

Table 12.1 provides a breakdown of the key content in a feasibility study, along with key factors that may be dealt with in the context of community asset transfer.

Table 12.1: Content of a feasibility study

Content	Key factors covered/addressed
Assessment of demand and existing service provision	• Identification and quantification of beneficiaries, users or markets, as well as an assessment of their needs • Initial identification of the potential social impact • Review of the stakeholder(s) perspective, particularly potential opposition • Exploration of other providers or competitors • Consideration of alternatives that might meet the needs of the community more
Transfer options	• Type of transfer options available, e.g. freehold, leasehold • Limitations of the asset transfer form(s), particularly restrictions on income generation strategies
Technical feasibility	• Review of existing land / site investigations • Identification of planning consent • Building regulations requirements • Structural and internal assessment • Sketches or preliminary architectural plans for the building
Capacity	• Analysis of resources required • Identification of skills gap • Assessment of level of staffing and volunteers required
Financial viability	• Pre-asset transfer costs, e.g. planning permission • Set-up or start-up costs, e.g. building work • Operational costs, e.g. staff, marketing, utilities • Revenue potential (see Module 4 for more information on asset transfer and financial planning)

A feasibility study should be carried out as early as possible, i.e. as soon as the idea for the asset transfer has been formulated.

A feasibility study should not be confused with a business plan, however it does provide an essential platform for the preparation of a business plan (see Module 3 for more information on business plans).

SECTION 13: Action Plan

13.1 Preparation of an action plan

Please take time to identify the key actions / development gaps this module has highlighted and further support that the organisation may require in relation to feasibility screening within the context of community asset transfer.

Table 13.1: Module action plan

Action	How/details	Who	When	Costs

COMMUNITY
OWNERSHIP
SUPPORT SERVICE
Development Trusts Association Scotland

1B Washington Lane
Edinburgh
EH11 2HA

Tel: 0131 225 2080
Email: coss@dtascot.org.uk
www.dtascommunityownership.org.uk

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