



Llywodraeth Cymru
Welsh Government

RESEARCH

Community asset transfer: research with the third sector, local authorities and community and town councils (summary)

Research to broaden and deepen the evidence base around
Community Asset Transfer.

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Introduction

The Internal Research Programme (IRP, Welsh Government) was commissioned jointly by the Communities and Third Sector policy team, Welsh Government and Ystadau Cymru to undertake a piece of research to broaden and deepen the evidence base around community asset transfer (CAT). Assets of community value (ACVs) can be defined as any land or building with actual or potential importance to a community's wellbeing relating to society, economy or the environment. In times of UK government austerity and rising demand for public services, public bodies in Wales have found that in order to protect ACVs from closure and to ensure long term sustainability, a viable course of action is to transfer their ownership to community organisations.

Research was required to understand the enablers and challenges to successful CATs and the sustainability of CATs post-transfer. This research draws on the perspectives of local authorities, third sector organisations and community and town councils to understand the key challenges, make recommendations for improvement and use as an evidence base to identify key stakeholders to take forward the recommendations.

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Research aims and methodology

This research builds on the research paper *Management and delivery of services and assets in community and town councils* (Welsh Government, 2018), which sought the perspectives of community and town councils on various aspects of the transfer process. This research sought to expand the evidence base to understand the challenges from the local authority and third sector perspectives.

The aims of the research were therefore:

- to replicate the 2018 study for the third sector in Wales
- to undertake further research on the community asset transfer (CAT) process within the Town and Community Council sector, which delves deeper into the issues highlighted in the 2018 study
- to examine the experiences of Local Authorities and other public bodies in Wales in relation to the CAT process

A literature review was undertaken to understand the key issues for each stakeholders group when undertaking a CAT process, drawing evidence from publications UK-wide as well as a discussion of Wales-specific evidence. A survey was then undertaken in May 2019 and aimed to:

- understand whether and to what extent local authorities collect data on CATs
- identify and explore what types of CATs have been undertaken
- help define the scope of and scale of qualitative data collection including gaining information on what types of CATs, CAT recipients and at what stage in the transfer process might be appropriate for purposive sampling

This was followed up with a set of qualitative interviews with CAT officers in local authorities, third sector organisations that had undertaken, or were in the process of undertaking a CAT and councillors and clerks of community councils. These interviews allowed for further discussion around the key challenges of completing a transfer and the way in which success of a CAT was defined and measured.

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Main findings

Reasons for undertaking a CAT

As with the 2018 study, the most common reason cited by local authorities for undertaking a CAT was the need to reduce costs as a result of ongoing austerity policies. Transferees stated that they would find it more beneficial to have a two-way dialogue around programmes of asset transfer from the local authority, as opposed to the decisions on transfer predominantly being made by the local authority.

The transfer process

The survey revealed that most local authorities had a CAT policy in place. However, some transferees had highlighted that their LA's CAT policy was not available to them, and that it would be useful to have as a guide for planning a transfer process. Only four out of the 15 local authorities that responded had a dedicated CAT officer in post, other local authorities managed their transfers cross-departmentally. However, those transferees who had a dedicated officials to co-ordinate the transfer with reported that having a dedicated CAT officer had made the transfer process and the post-transfer period easier.

CATs were most commonly made to community and town councils, with charities and trusts also being recipients of assets. Local authorities were often engaged in large programmes of asset transfer and had a significant role in providing support to transferees during the transfer, with the exception of legal support. A much smaller proportion of local authorities provided post-transfer support.

Leasehold transfers were much more common than freehold transfers. This was often the preference of the local authority, so that they could reclaim the asset for public use if the transfer was unsuccessful. Leasehold transfers could be frustrating for transferees, some of whom felt that freehold transfers would allow for more freedom to adapt the asset for community use.

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Success factors in a CAT

local authorities responding to the survey felt that the most important success factors for a CAT were ensuring all due diligence was completed and transferees were competent in managing the asset, ensuring community organisations were financially secure, that the business plan put forward by transferees was sustainable and that the local authority should provide all relevant information to potential transferees to ensure they were fully informed as to their responsibilities. The qualitative interviews revealed that regular communication with transferees was considered an important factor in success.

local authorities interest in measuring the success of transfers was limited to the collection of data on the transfer process, but staff acknowledged that post-transfer monitoring would be beneficial in order to understand financial sustainability, delivery on the objectives of the business plan and the community benefits of CATs over the long term. local authorities cited lack of capacity as one of the main reasons why they did not monitor transfers.

Challenges of a CAT

Common challenges encountered by both parties in a transfer process included the lengthy process of transfers and the associated lack of communication during the transfer process. Continued delays could threaten grant funding secured by the transferee. Excessive bureaucracy and receiving incorrect information about the asset was also an issue for transferees. There was also a recognised deficit in specialist training for community organisations taking on the management of assets.

Other challenges cited by transferees included the need for the asset to be financially sustainable and the difficulties in achieving this if the asset was not income-generating for example, public toilets. These assets were considered liabilities by transferees and were often a drain on their finances. Another frequently cited issue was the need of transferees to make profit, but a misunderstanding by the local authority of how that profit would be used. Many transferees emphasised that profit was reinvested in delivering additional

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benefits for the community, and that that needed to be accepted by local authorities as a positive outcome, which was not always the case.

Local authorities drew upon others' experience of asset transfer through established networks such as ACES. These networks were beneficial for sharing challenges relating to CATs and discussing solutions.

Post-transfer issues

Post-transfer, there were barriers noted with regard to ensuring the sustainability of an asset, including financial losses incurred from non-income generating assets competition with other assets for income generation i.e. through sessional room-hire, and low capacity within community organisations and their support bodies. Capacity was also an issue for transferees; often their staff and volunteers worked part-time and were older. They felt that there was a need to engage younger people in community councils and organisations to secure their future. CVCs were a useful form of support, but they too struggled to provide all the support needed with regard to training and seeking grant funding opportunities.

To address these challenges, local authorities had used short-term licensing agreements to trial a transfer and determine if the transferee could run the asset sustainably or to provide a temporary solution if a transfer was delayed.

Recommendations

Local authorities should adopt a more strategic approach to CAT which places the needs of the community front and centre.

- Local authorities that are taking a community needs-based approach to CAT should be provided with a platform to discuss their approach and share learning with others.
- Welsh Government should work with local authorities, transferees and WCVA to set up a programme of knowledge sharing for successful transfers.

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Local authorities should develop a more formalised approach to engaging with transferees at every stage of the CAT process.

- Local authorities are advised to undertake a programme of engagement at the start of the transfer process, particularly when a large programme of CAT is proposed.
- Formal CAT policies should be produced by all local authorities and made publicly available.
- A nominated local authority official should be responsible for day-to-day contact with transferees.
- Local authorities and transferees should consider making a communications agreement for each transfer process.

Local authorities, support organisations and transferees should work together to understand the support that is required for effective asset transfer and post-transfer management, what the support gaps are, and how those gaps can be addressed.

- Transferees should undertake an audit of gaps in their expertise and training needs to understand where support is required during and post-transfer.
- Further engagement is required with CVCs to understand their capacity and capabilities to support community organisations in their locality.
- Data should be gathered on the uptake of grants and other forms of financial assistance to transferees.

Transferees and local authorities should ensure due diligence procedures regarding CAT and post-transfer arrangements are clear.

- Undertake a risk assessment of each CAT to ensure community organisations can sustainably manage the asset, and to prevent financial risk to transferees before the transfer process is complete.
- Proposals around modifying the asset post-transfer should be discussed and agreed during the transfer process.

All parties should implement formal monitoring and evaluation approaches to both the CAT process and post-transfer period.

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- The steering group for this research should consider the proposed indicators and data sources provided in Tables 6.1 and 6.2 of this report and engage with transferors, transferees and support organisations as to what data are obtainable and practical to use as evidence of impact.
- Knowledge sharing sessions should be used to share new approaches to monitoring and evaluation approaches.
- Training for community organisations in the key principles and benefits of monitoring and evaluation should be considered.

Contact details

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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