



# Improving efficiency in the culture and sport sector

Sharing assets and asset transfer

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# Introduction

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A simple introduction for elected members and managers to making better use of your assets in the culture and sport sector.

This guide provides a simple introduction to the concept of improving the utilisation of existing assets within the culture and sport sector and also approaches to transferring assets to different delivery partners. Additionally this document provides some brief case study examples of how these concepts have been applied and information on additional sources of information and support that are available to elected members and managers working in the culture and sport sector. It is not intended to provide detail guidance on how to make better use of your assets, but points you to where this information can be found.

The past decade has seen a large number of policy initiatives encouraging community ownership and management of local buildings and facilities – hereafter referred to as ‘assets’. These have sought to strengthen local communities by regenerating places that are at the centre of local life.

In 2003 the Local Government Act was amended to remove the requirement for councils to seek the Secretary of State’s consent when disposing of an asset worth less than £2 million for less than market value. The 2007 Quirk Review further encouraged transfer of public assets to

community-based organisations and provided guidance for councils.

The Local Government White Paper ‘Strong and prosperous communities’ (2006), Public Involvement in Health Act 2007, Sustainable Communities Act 2007 and the Community Empowerment White Paper ‘Communities in control: real people, real power’ (2008) heavily promoted community asset ownership as a means of facilitating a range of outcomes from improved public services to empower local communities.

This agenda on community asset transfers has emerged alongside a policy encouraging the redistribution of power between the citizen, the community and the state. The coalition government supports further community empowerment through asset transfer and other means in keeping with its key policy themes of ‘localism’ and the ‘Big Society’. The new ‘community right to buy’ in England aims to help community organisations take over and run local assets, giving them ‘the first right of refusal’ to acquire buildings from the public and private sector.

Asset management is seen as a key way of improving efficiency and productivity in public services. The way in which councils manage their assets will remain a consideration in assessing their effective use of resources in future.

In 2009, the Development Trust Association (DTA) and partners launched the Asset Transfer Unit (ATU) to provide technical advice to community groups, councils and others. It was also to carry out research and promote understanding of the community assets agenda. Existing and emerging models of externalising culture and sport services (either partially or full) may include asset transfer arrangements as part of the approach to delivery.

In the present economic climate sharing assets and transferring assets could be a much better alternative to closure and loss of the service entirely.

A second document 'Looking for new ways of delivering culture and sport services' provides guidance on the different delivery models and can be read in conjunction with this document.



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# Benefits of asset transfer and effective asset management

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Benefits to local communities are many and varied.

- Assets, (buildings and other locally valued places) are often prominently located and their restoration can promote a ‘feel good factor’ as well as triggering private investment and local regeneration.
- Taking ownership can enable community organisations to extend the range of services they offer to residents, lead to new local facilities and services and provide a community hub to facilitate interaction and enhance community cohesion.
- For community organisations that are dependent on short-term grants, taking ownership of a physical asset can open up new revenue streams. They are generally made more independent, resilient and sustainable as a result.

Bringing a range of services together into a single building can generate savings in running costs release assets for sale and improve community satisfaction through the services being in the same location.

Despite the potential benefits and a strong business case for asset transfer, to date many councils and communities have been wary of the pitfalls and slow to grasp opportunities. Concerns relate primarily to potential, perceived liabilities or the imposition of conditions that are seen by one of the organisations as being unreasonable.

A trusting and supportive relationship between the organisations involved is essential in asset transfer.

Other concerns include the long-term loss of public facilities which can be addressed by including an ‘asset lock’ in the transfer agreement. This ensures that assets and any associated profits are retained and used solely for community benefit. In the event of a community organisation folding following its receipt of an asset, an asset lock ensures that the asset is either transferred to another local organisation with similar objectives or returned to the council.

A range of organisational structures are now commonly used to provide legal entities through which community organisations can own and manage local assets. These include community interest companies, companies limited by guarantee, charitable incorporated organisations, charitable trusts and industrial and provident societies. These structures can incorporate social enterprises and social firms, mutuals, development trusts and housing associations.

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# Critical success factors

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The process of transferring assets requires effective collaboration between different services and officers across council structures. Some of the critical success factors include the following.

**Embracing the asset transfer concept at a senior level in the council.** This is fundamental for a successful outcome and several councils have successfully given a senior lead officer responsibility for raising awareness and promoting the asset transfer agenda throughout the organisation.

**Taking a strategic approach to rationalising asset portfolios to ensure long-term viability and social benefit.** Central to this is a thorough analysis and understanding of future maintenance costs, consideration of the impact of different lease lengths and an exploration of the potential for existing assets to generate new income streams or realise commercial opportunities.

**Preparation of an asset transfer strategy can help to develop and formalise how the local authority will handle potential transfers.** There are several examples of unsuccessful asset transfers that were driven opportunistically or, for example, in swift reaction to public or political pressure.

**Establishing a comprehensive overview of all council assets and developing an individual options appraisal in relation**

**to local priority outcomes.** In this regard, it is good practice to create an asset management policy framework linked to a detailed asset management plan. The need for effective use applies to all local public assets and the local development framework (LDF) should provide the basis for comprehensive mapping and consideration of local public assets.

With reduced regeneration funding, there is an increased need to use local assets to generate private sector investment. There is potential to integrate this sort of approach through Local Enterprise Partnerships and embed it within local planning policy and a strategic development management approach. Proactive councils may also look to purchase as well as dispose of assets in order to facilitate improved outcomes locally.

**Involving the community (existing and potential service users) as appropriate throughout.** Trusting relationships will only be created if there is openness about the opportunities and risks involved in asset transfer from the outset with a clear aim to build a long-term relationship.

**Successful asset transfers are underpinned by a genuine commitment to partnership between the community and the council.** This requires a balance between giving community organisations support and guidance as well as sufficient time and space to develop their confidence, capability and own ideas.

If the council is too controlling during the early stages and takes responsibility for all decision making, then a genuine and lasting partnership is unlikely to evolve. This highlights a key challenge to support and develop their long-term resilience without fostering a dependency culture. Developing an agreed list of objectives at the start of a project is a good way of ensuring a productive relationship.

In some cases transfers may involve 'heritage assets' These are buildings, monuments, places or landscapes which are historically significant and valued by the community. While there may be additional costs and challenges associated with heritage assets, research indicates that the relationship between age and maintenance costs is a complicated one. For example, buildings built during the 1960s, 1970s and 1980s can sometimes pose more problems than far older properties. Ultimately it is the quality of the building that matters and not necessarily its age.

**Councils might consider temporary uses for assets in which there is no immediate interest from the community or private sector.** 'Meanwhile use' is the temporary use of vacant buildings or land for a socially beneficial purpose until such a time that they can be brought back into commercial use again.

Giving space over to such use can help stimulate interest from communities, enabling them to experience the potential benefits or appreciate the potential of a property, as well as minimising the negative impact of a void property and possibly attracting investment. There is evidence of 'meanwhile use' activity happening in a range of community asset buildings nationally.

This has been particularly apparent during the recession, with the increase in free use of vacant shop units in which councils have an interest. In Gateshead, for example, a vacant property has been put to use under the Gateshead Metropolitan Borough Council (MBC) 'Starter for Ten' scheme, established in partnership with Wayne Hemingway to meet local demand for creative workspace and regenerate the local High Street.

The ground floor of the former Bed Shed furniture store on Gateshead High Street was transformed into workspace for small creative enterprises looking to take their first steps into the commercial world. The success of the scheme led to subsequent conversion of the vacant upper, offering workspace for a further 20 artists and small enterprises, acting as a catalyst for business and employment growth in the local creative sector.



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# Case study examples

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A wide range of case studies are accessible through the websites listed as sources of information and guidance below. These cover a diversity of circumstances and situations and involve libraries, sport and leisure centres, swimming pools, arts and cultural facilities, heritage assets, information advice and guidance and other services. Here are a few illustrative examples:

## Hebden Bridge Town Hall

Hebden Bridge is located in the North Yorkshire borough of Calderdale. In 2006, local concern over the underuse and repair of Hebden Bridge Town Hall, a local landmark and listed building, led to meetings between local parish councils, the Hebden Bridge Partnership and Calderdale MBC as the owners of the building.

An unsuccessful bid to the Community Assets programme generated support and interest, provided a detailed business plan and brought together an active voluntary project team. The process continued and Hebden Bridge Town Hall was later included by Calderdale MBC in its Advancing Assets programme.

An important development in autumn 2008 was the creation of a new legal entity, Hebden Bridge Community Association

Ltd, a not-for-profit company limited by guarantee, specifically established to act as the vehicle for the transfer of the town hall into community control.

Calderdale MBC adopted a framework policy for community management of assets in April 2009. The project team submitted a formal proposal for asset transfer in June 2009 and the transfer took place on 1 April 2010. Under the deal, the association has a 40-year leasehold ownership of the town hall, for a nominal £1 ground rent a year.

Calderdale MBC became the town hall's anchor tenant. Paying rent to the association which broadly reflects the previous cost to the council of running and maintaining the town hall. Calderdale MBC also provided a one-off grant and an interest-free loan to enable the association to address a backlog of maintenance and building work.

The asset transfer helped secure and harness the benefits of this local asset and helped engage and empower the local community. Future plans for the town hall include an ambitious new extension that will enable a mix of enterprise and community and civic usage, while providing a key element of local regeneration plans for the Creative Quarter.

### **Hebden Bridge Town Hall website**

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

## Birtley Community Hub, Gateshead

Birtley is located in the south of the Borough of Gateshead, bordering on County Durham. Birtley's former library was identified as suitable for Asset Transfer several years ago, but although Gateshead MBC was willing to gift it to the community the refurbishment costs of around £200,000 were prohibitive. The Community Assets programme and the council's commitment to pay 50 per cent of the running costs for the first two years eventually stimulated the transfer.

The building is now managed by Birtley Community Partnership under a 50-year lease arrangement. A recent extension to the ground floor has created additional meeting space and income generation potential. Now known as 'The Hub', it was officially re-opened following refurbishment in September 2009 and acts as a drop-in community resource centre.

As well as providing a base for Birtley Community Partnership – a coalition of local residents' associations, community groups, businesses, churches and councillors – it also hosts the local Citizens Advice Bureau (CAB), Cestria Credit Union, North East Council on Addictions, a Northumbria Police unit and various local council services.

### **Birtley Community Partnership**

– website currently under development

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

## Bury St Edmunds Rugby Club

Bury St Edmunds Rugby Club was seen as a major asset for the town in terms of its sporting provision and its regional role as a community rugby club. It provides a range of sports-related activities including rugby for young people, women and people with disabilities. The club owned its own club house but rented the land from St Edmundsbury Borough Council, and was unable to cope with the demand that this success generated. Lack of sufficient changing rooms and showers to meet this consistent demand limited the club's compliance with the Disability Discrimination Act 1995.

Having leveraged significant investment from a wide range of sources, the club was able to obtain an all-weather pitch, a single storey extension providing four new changing rooms, a gymnasium and refurbished toilets as well as access for disabled people. This success prompted further development plans, at which point partners considered that the club would be better able to obtain investment and continue its work if it owned the freehold to the land.

Applying its asset management plan, the council agreed to sell the freehold to the club, using the provisions of community management and ownership of assets, at below its market value. The club has since been able to apply its additional equity to obtain further investment and continues to be regarded as a beacon delivering a range of positive local outcomes.

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# Sources of information and guidance

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## The Development Trust Association (DTA)

The DTA helps establish and support development trusts as vehicles for community asset ownership and management. The DTA Asset Transfer Unit provides technical advice to community groups, councils and others, to carry out research and promote understanding of the community assets agenda. A range of free support tools and information on good practice are available on the ATU websites, which also highlight sources of funding and additional support.

Support has been available through the Community Assets programme and the Futurebuilders England Fund and is being offered through the DTA website through the Advancing Assets programme. Independent grant makers have also played a major role – for example, the Northern Rock Foundation, Esmée Fairbairn Foundation and Lankelly-Chase Foundation.

Following the recent closure of the Adventure Capital Fund, the Community-builders Fund was announced to invest in the sustainability of multi-purpose, inclusive, community-led organisations – sometimes known as Community Anchors. This is likely to take a similar investment approach with accompanying feasibility and mentoring support.

## Funding methods

The way in which asset transfers are funded is also changing, with a wider range of funding sources including community development finance institutions (CDFIs). CDFIs lend money to businesses, social enterprises and individuals who may struggle to get finance from high street banks and loan companies.

These offer loans with favourable rates as well as a level of business support and are seen to promote a business-led approach to community asset ownership. The Community Development Finance Association website provides relevant information and details organisations, such as the Unity Trust Bank, Charity Bank and the Cooperative Bank who have a growing body of experience in this field

### **Community Development Finance Association website**

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

### **Unity Trust Bank**

<http://www.unity.co.uk/>

### **Charity Bank**

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

### **The Co-operative Bank**

<http://www.co-operativebank.co.uk/>

Additional resources that may be of value to councils include:

'Community share and bond issues' – Development Trusts Association (2007). This publication explains how community organisations can use share and bond issues as a source of funding.

<http://www.dta.org.uk/activities/campaigns/communityassets/assetsresources/communityshares>

The Green Asset Guide – Development Trusts Association and the Environment Trust (2007). This guide offers a summary of approaches you can take to reduce the environmental impact of your community building.

<http://www.dta.org.uk/activities/campaigns/communityassets/assetsresources/greenassetguide>

'To have and to hold' – Development Trusts Association (2005). This publication will provide a broad range of information, resources and contacts to help you develop a land or building project as an asset for your organisation and local community.

<http://www.dta.org.uk/activities/campaigns/communityassets/assetsresources/tohaveandtohold>

Opening the transfer window –

The Government's response to the Quirk Review of Community management and ownership of public assets, published in May 2007.

<http://www.dta.org.uk/activities/campaigns/communityassets/assetsresources/openingtransferwindow>

Building on strong foundations – Published in February 2008, this document provides a framework for council asset management.

<http://www.dta.org.uk/activities/campaigns/communityassets/assetsresources/buildingstrongfoundations>

Managing risks in asset transfer – Published in June 2008, this practical guide offers advice on managing risks in asset transfer, based on the experiences of councils and third-sector organisations.

<http://www.dta.org.uk/activities/campaigns/communityassets/assetsresources/managingrisks>

**Asset Transfer Unit website**

<http://atu.org.uk/>



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# Other guidance

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English Heritage has recently published guidance on the transfer of heritage assets.

**Pillars of the community: The transfer of local authority heritage assets**

<http://www.english-heritage.org.uk/publications/pillars-of-the-community-summary/>

The ATU and ASA (the English national governing body for swimming, diving, water polo, open water and synchronised swimming) have published a 'Guide for community owned and managed swimming pools'.

**Guide for community owned and managed swimming pools**

<http://www.atu.org.uk/Support/communitypoolguidance>

CABE Space and the Asset Transfer Unit have recently published a guide for local authorities and community groups on community led spaces.

**Guide for Community Led Spaces**

<http://www.cabe.org.uk/files/community-led-spaces.pdf>

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### Local Government Group

The Local Government Group is made up of six organisations which support, promote and improve local government.



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