Community Management of Assets Policy

Report by Garry Sheret, Head of Property & Facilities Management

1   Purpose of Report

This report introduces a proposed new policy on the management arrangement for dealing with the transfer of assets to community groups at all levels, from short term lets to full freehold asset transfer.

2   Background

Midlothian has a long history of transferring the management responsibility of properties to community groups. This has mainly involved the letting of properties on a leasehold basis, but there are more recent examples of transfers of land and buildings.

To date the process has generally been coordinated on a case by case basis and given rise to a variation of interests, levels of financial support and responsibility ranging from groups who are fully supported by the Council to groups who occupy properties on full repairing and insuring basis and receive no further regular support from the Council.

The proposed policy seeks to adopt a clear and consistent approach in respect of the Community Management of Assets. The aim of the policy is to enable and encourage community groups to take responsibility for the management of assets occupied.

The policy recognises the range of capacities that are available within communities and provides for a range of management arrangements to reflect local circumstances. The policy reflects the expectations for asset transfer as set out in the current Community Empowerment (Scotland) Bill which is expected to complete its passage through Scottish Parliament and pass in to law in August 2015.

2.1   Form of Agreement

Community Management of Assets can take place through:-

- a management agreement
- a licence to occupy
- a short lease or tenancy agreement
- a long lease; or
- a freehold transfer.

The proposed policy has two distinct routes for determining the most appropriate form of agreement.

Route 1 would apply to arrangements where Community groups assume a minimum level of responsibility and control over the area/building in question.

Route 2 would apply to circumstances where longer leases or asset transfers are sought and the community group seeks to have higher levels of responsibility and control over the area or building in question.

Under Route 2 the Council will expect that in all cases the community group applying to transfer an asset on either a long lease or freehold transfer must:-

- understand the process
- understand the level of work and commitment required to complete a full asset transfer
- have a clear understanding what they want to do.
- not to commence the process unless they are ready.
- deliver to the timescales set out.
- maintain a professional approach
- make use of consultants where prudent to do so.
- view the Council and other community planning partners as allies and commit to working within the community planning partnership's broad shared outcomes.

In all cases the community group must be able to demonstrate that they are capable of operating the building for its intended community purpose.

3 Report Implications

The proposed policy prepares the Council for implementation of the Community Empowerment legislation, setting up the systems and processes which will be required. As the Bill is at the final reading stage and has cross party support, it is very unlikely that any major change of the legislation will emerge.

The full proposed Community Management of Assets: Assets Transfer Policy is attached as Appendix 1.

Community Asset Transfer supports the Single Midlothian Plan commitment to Capacity Building Co-production, channel shift and localising access to services. These approaches have already been adopted by the Council under the "Future Models of Service Delivery" strategy.

3.1 Resource

The Community Management of Assets Policy will complement other property related programmes and active property portfolios. The Council holds properties for operational requirements in support of service delivery and these property portfolios will not be subject to the Community Management of Assets policy.

The active property portfolio comprises a non operational estate which is maintained for the purpose of contributing to the Councils Economic development aims and providing an income stream. The Councils Housing portfolio and sites/buildings identified for the future development of that portfolio will also not be subject to the Community Management of Assets Policy.

As part of the Council's ongoing investment modernisation and change programme, there are a number of current policies which require that properties identified under those policies, are sold at their highest and best value in order that the capital receipts can be reinvested in new facilities and provision. The policies to which these requirements currently apply are:-

a) Effective Working in Midlothian(EWiM)
b) School Estate Management Plan and Catchment Reviews (SEMP)
c) Housing Programme (Current and future phases)

Properties in these categories would not be subject to the Asset Transfer Policy.

3.2.1 Risk

The main risks associated with asset transfer are:-

Risk	Response
Failing to put systems in place which are compliant with new legislation.	This risk is mitigated by the adoption of the Community Management of Assets Policy.
Reputational damage arising from conflicts with and within communities each time a Council asset is disposed of.	This risk is mitigated by the Management of Community Assets policy which provides a clear pathway and methodology for considering and assessing community applications.
Lack of consistency within the Council between revenue raising and community development policy goals	The clear identification of assets which are, and are not, within the scope of the policy will assist in ensuring that properties on which the Council is reliant on for revenue/receipts are identified and the position made transparent.
Failure of the Community bodies to properly and effectively, fund, administer and maintain those elements of community assets for which they are responsible resulting in the need for Council intervention and resources.	In accordance with both the provisions of the proposed Bill and the requirement of the proposed policy regarding the level and type of information which must be presented the risk can be mitigated by way of ensuring a the community body have a robust and thought out business plan to support its application.

Risk	Response
Community empowerment objectives which are weak or vague and not aligned to those of the Council.	The Community Management of Assets Policy and supporting processes will require that the applicants are able to demonstrate strong alignment with Council policy, and community support, thus mitigating this risk.
The Community Group does not have the appropriate capacity/skills to manage the asset.	This is a common concern and can raise expectations in vain, wasting time and effort by all organisations potentially transferring an asset which then does not operate to its full potential. The adoption of the processes of evaluation set out in the Community Management of Assets process seek to ensure that the community group has the appropriate capacity at the required level. Additionally the Council has a programme of community capacity building to assist groups in developing the required skills.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☒ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

3.4 Key Priorities within the Single Midlothian Plan

The adoption of the proposed policy on Community Management of Assets aligns with the Councils three "Approaches" – Preventative intervention; Changing Access; Capacity Building Co –Production.

3.5 Impact on Performance and Outcomes

The effective management of assets by voluntary community groups can contribute to helping communities maintain groups which support independence in the face of age, illness, disability particularly given circumstances of reduced public support.

3.6 Adopting a Preventative Approach

The introduction of the Community Management of Assets Policy seeks to provide a clear pathway for the consideration of the transfer and management of assets by communities. The process envisaged by the policy seeks to ensure that the applicant body is capable of assuming and discharging the responsibilities required removing the reliance for such provision from the Council in future.

3.7 Involving Communities and Other Stakeholders

There is significant evidence of community interest in the current and future use of Council assets in each community, as evidenced by the levels of engagement whenever a building becomes surplus to Council service delivery requirements. The adoption of this policy offers a framework to consider such interests in a structured and professional manner

3.8 Ensuring Equalities

Any application for the management of community assets will require an impact assessment to be carried out as part of the process to ensure compliance with Equality Act Scotland. Any applicant community organisation must demonstrate how it will ensure transparency in its governance and inclusion in its operations to comply with the new Community Empowerment Bill.

3.9 Supporting Sustainable Development

The transfer of Council assets, no longer required for operational use to community control will support the sustainable use of these buildings.

3.10 IT Issues

There are no IT issues arising as a consequence of this report

4 Summary

The adoption of a Community Asset Transfer strategy enables the Council to meet impending legislative expectations, and adopt a consistent approach to both community development policy goals and raising revenue.

5 Recommendations

It is recommended that Council:-

a) Adopt the Community Management of Asset policy, and delegate powers to the Corporate Management Team to amend these if the Community Empowerment Act statutory guidance requires this in future; and

b)   Request the Director Resources establish a cross Directorate team to agree a schedule of assets which might be considered for Community Management and that this schedule be published before the end of October 2015, and thereafter maintained on a regular basis.

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Background Papers: