

# Provision of Local Government Services to Rural Communities: Community Asset Transfer



WALES AUDIT OFFICE  
SWYDDEA ARCHWILIO CYMRU



I have prepared and published this report in accordance with the  
Public Audit (Wales) Act 2004.

The Wales Audit Office study team was managed by Nick Selwyn and comprised Steve Frank, Gareth Jones, Euros Lake, Sara Leahy, Martin Gibson, Philippa Dixon and Matt Brushett under the direction of Jane Holownia.

**Adrian Crompton**  
**Auditor General for Wales**  
**Wales Audit Office**  
**24 Cathedral Road**  
**Cardiff**  
**CF11 9LJ**

The Auditor General is independent of the National Assembly and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the National Assembly on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

© Auditor General for Wales 2018

You may re-use this publication (not including logos) free of charge in any format or medium. If you re-use it, your re-use must be accurate and must not be in a misleading context. The material must be acknowledged as Auditor General for Wales copyright and you must give the title of this publication. Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned before re-use.

For further information, or if you require any of our publications in an alternative format and/or language, please contact us by telephone on 029 2032 0500, or email [info@audit.wales](mailto:info@audit.wales). We welcome telephone calls in Welsh and English. You can also write to us in either Welsh or English and we will respond in the language you have used. Corresponding in Welsh will not lead to a delay.

**Mae'r ddogfen hon hefyd ar gael yn Gymraeg.**

# Contents

Community Asset Transfers have increasingly been used by local authorities to save money but must result in sustainable solutions	4
Our findings	6
Recommendations	7
Part 1 – The most effective authorities take a strategic approach working collaboratively with partners to enable asset transfers	8
Part 2 – Local authorities need to work with communities to develop their capacity and skills to be able to take on and manage assets in the future	16
Part 3 – Community groups often require ongoing support from local authorities following transfer but this is variable	22
Appendices	26
Appendix 1 – Study Methodology	26
Appendix 2 – Defining ‘Rural’ Wales	27
Appendix 3 – Managing Community Asset Transfer risks - self evaluation	28

# Community Asset Transfers have increasingly been used by local authorities to save money but must result in sustainable solutions

- 1 This document complements the Auditor General's report on the Provision of Services to Rural Communities, published in November 2018.<sup>1</sup> It highlights and summarises the study findings specifically relating to Community Asset Transfers (CATs).
- 2 This document is a learning resource for local authorities to help them improve their approach to CATs in rural areas, although the approaches we highlight also have relevance for authorities in urban areas. Equally, some of the 'urban' good practice case studies highlighted throughout the report have relevance to 'rural' areas.

## Community Asset Transfers can play an important role in helping to sustain rural communities

- 3 Community ownership of local land or buildings can help create long-term resilience and support communities to thrive. For rural communities, many social, economic and environmental well-being benefits flow from using local spaces and buildings to meet people's needs. There are benefits for local authorities too as continued and long-term financial constraints mean that authorities cannot deliver services in the same way they have done in the past. A collaborative, well-managed and long-term approach to transferring assets to community organisations can create efficiencies for authorities whilst ensuring that service provision is maintained in communities.
- 4 The loss of the community 'cornerstones' such as banks and post offices compound the challenge of sustaining public services in rural communities, especially as local authorities have less money available to maintain key assets such as community halls, leisure centres and libraries, and are closing or selling off these assets to balance the books. These public assets are often key components in the makeup of a rural community and their role as active community focal points is often equally important as their purpose as buildings from which to provide authority services. Consequently, local authorities' approach to CATs is often indicative of how they are supporting and encouraging rural communities to survive and thrive as viable places for future generations to live and work.

1 [Weblink to published report.](#)

The Welsh Government has adopted effective policies to support transfer but unlike England, the number of assets transferred by authorities is not known

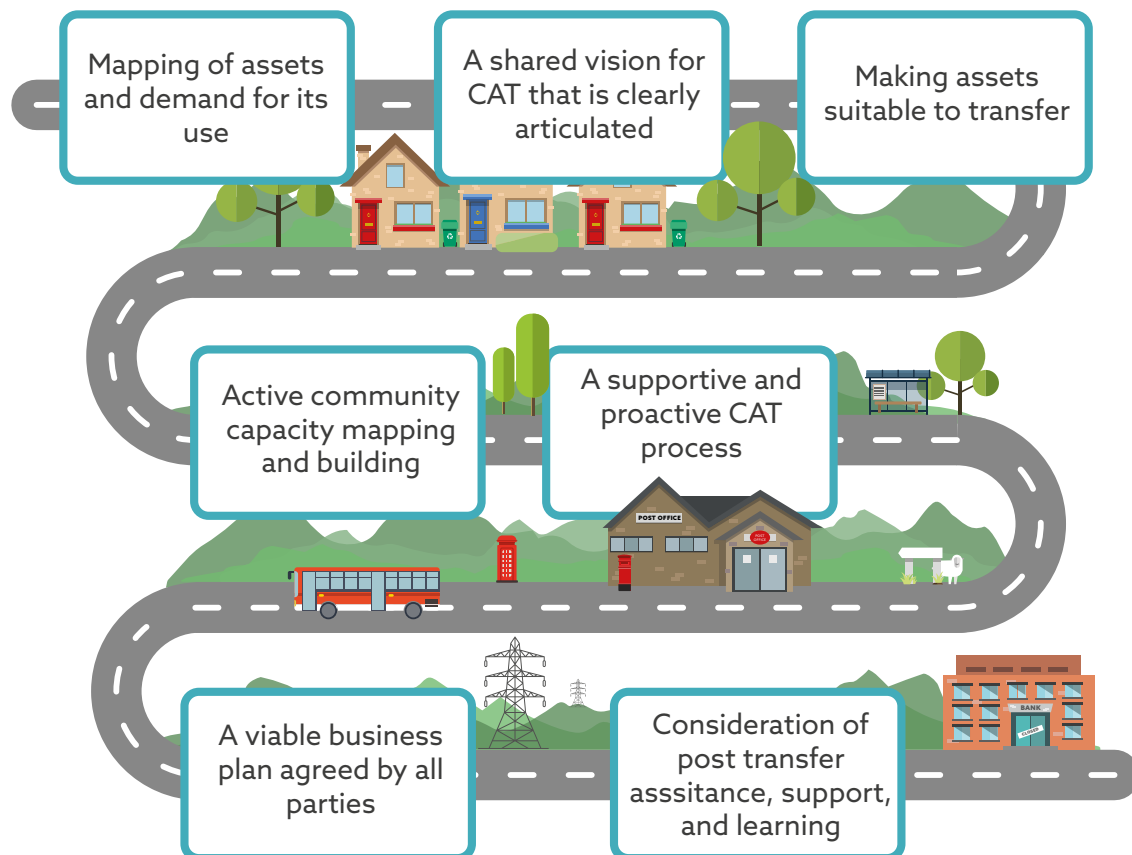
- 5 The legal basis for CATs in Wales is highlighted in the **National Assets Working Group** (NAWG) publication Community Asset Transfers in Wales – A Best Practice Guide dated March 2016<sup>2</sup>. Local Authorities have the power to dispose of land in various ways. There are circumstances where local authority can dispose of an asset at below full market value under the ‘General Disposal Consent’ (Wales) December 2003 provisions under the Local Government Act 1972.
- 6 Estimates by Rural England show the by 2018 the total numbers of transfers in urban areas of England numbered 1,222 and in rural areas roughly 500 assets have been transferred. The total value of assets transferred was estimated to be £1.2 billion. There is no comparable data collated in Wales showing either the number or the financial value of CATs.

2 See [gov.wales/community-asset-transfer/best-practice-guide](https://gov.wales/community-asset-transfer/best-practice-guide)

# Our findings

- 7 Each section of this resource sets out the challenges associated with CATs and considers some options and solutions to overcome these challenges.
- **Part 1** identifies the key aspects of a strategic approach to CAT and the policies and systems authorities need to support asset transfers.
  - **Part 2** considers the operational challenges in supporting communities to take on assets. We examine how local authorities can build capacity in their communities so recipients can best take on and successfully sustain assets in the future.
  - **Part 3** examines support offered by local authorities after the transfer. Some of the common challenges and pitfalls when managing the asset are also considered.
- 8 The most successful local authorities use a whole systems approach to CAT where communities' long-term needs and capacity are considered in parallel with a clear end-to-end transfer pathway, culminating in a community asset being used sustainably for the benefit of the community. **Exhibit 1** sets out some of the key steps for local authorities to achieve this and move away from their role as 'doers' to 'enablers'.

## Exhibit 1 – a whole systems approach to Community Asset Transfer



# Recommendations

9 Our recommendations for improvement are set out below.

## Recommendations

- R1 Local authorities need to do more to make CATs simpler and more appealing, help build the capacity of community and town councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that support social value and citizen involvement. **In addition, we recommend that local authorities monitor and publish CAT numbers and measure the social impact of CATs.**
- R2 Local authorities have significant scope to provide better and more visible help and support before, during, and after the community asset transfer process. We conclude that there is considerable scope to improve the business planning, preparation, and aftercare for community asset transfer. **We recommend that local authorities:**
- **identify community assets transfer's role in establishing community hubs, networks of expertise and clusters of advice and prevention services;**
  - **work with town and community councils to develop their ability to take on more CATs;**
  - **identify which assets are suitable to transfer, and clarify what the authority needs to do to enable their transfer;**
  - **ensure their CAT policy adequately covers aftercare, long term support, post transfer support, signposting access to finance, and sharing the learning about works well; and**
  - **support community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.**

# Part 1 – The most effective authorities take a strategic approach working collaboratively with partners to enable asset transfers

- 1.1 In this section, we consider how local authorities are strategically using CATs to think and act differently to sustain and protect services. Demographic change and challenges in encouraging employment has impacted on the sustainability of communities and services

## Challenges

- 1.2 Developing strategic approaches to support CATs can be difficult given the variety of ways that authorities can transfer an asset and the wide variation in the types of assets being transferred. **Exhibit 2** summarises the key obstacles to overcome in promoting transfers.



## Exhibit 2 – blockages that need to be tackled to ensure a smooth transition towards effective Community Asset Transfer

### We cannot transfer assets to communities effectively because....

#### It's giving away 'the family silver'

Authorities may be reluctant to give up control of assets because of:

1. Political choice or long-standing policy;
2. Capital values can help offset authorities' financial balance sheets; and
3. The authority may think the public has mixed feelings about the transfer of assets out of authority control. This fear is often untested.



#### We need to find savings immediately

CAT is not a quick route to finding savings from the disposal of unwanted assets. CAT should be an opportunity to help develop communities sustain services in rural communities across Wales. This needs a well planned approach. A panicked approach can lead to problems and unsustainable transfers that may result in community groups having to sell or hand assets back.

#### Community groups don't have the capacity to take on assets

Authorities need to help build the appetite, capabilities, and confidence of community groups to become more self-reliant and take on assets. This means a change in authorities' role from being 'doers' to 'enablers'. A positive reciprocal attitude, grants, training, and good quality guidance can help.



#### Community groups don't have a sufficient track record to run assets

The application process for CAT and business case approval must be relevant and proportionate to the nature/size of the opportunity. Terms of transfer should support both parties and be robust but fair. Authorities can do more to help get community groups ready for investment.



Source: Wales Audit Office

1.3 Our review of CAT policies found that all but one local authority in Wales has a policy on CATs available on their website. Most authorities have adopted appropriate guidance on how they will oversee CATs and have clearly identified how their approach to CATs supports them to deliver corporate objectives and strategic priorities – **Exhibit 4**. Our review of local authority CAT policies finds some common strengths including growing links between CAT policies and corporate policies. Local authorities are giving greater consideration of the longer-term use of the asset, and provision of templates of business cases for applicants to complete. We found good examples of authorities evaluating the potential impact of CAT business cases on future generations, equalities and sustainability issues in Monmouthshire and Rhondda Cynon Taf.

### Exhibit 3 – Wales Audit Office review of CAT Policies and online Guidance

Most authorities have an adopted and publically available policy for CAT with appropriate guidance to support transfer decisions that are linked to corporate priorities.



Source: Wales Audit Office

- 1.4 Despite this, there remains scope to provide better and more visible help and support before, during, and after the 'community asset transfer' process. For instance, we found that CAT policies often lack detail on the criteria used to decide on transfers, in particular demonstrating financial health and proven record of accomplishment. Only five authorities signpost expert guidance on CATs aimed at community groups. Too often authorities do not differentiate between the size of asset to be transferred and operate a 'one size fits all' policy.
- 1.5 Local authorities need to do more to make CATs simpler and more appealing, help build the capacity of Town and Community Councils, give them more guidance in raising finance, and look to support other community development models such as social enterprises that add social value and widen citizen involvement.
- 1.6 Our survey of Town and Community Councils found that in almost 60% of cases the local authority initiates and encourages the transfer. However, whilst it is felt there is a clear rationale for the transfer to take place, the risks associated with the transfer are not always set out. We received many comments from Town and Community Councils who felt that the notification time provided by the local authority was inadequate. In addition, a number of Town and Community Councils stated that from their experience, authorities often do not require a business case to support the disposal of an asset and neither do they provide the receiving body with the rationale for the disposal.

Local authorities' inability to continue delivering services and maintaining assets as they have done in the past are leading them to consider alternative ways of working. Disposing those assets traditionally maintained by local authorities is one way of saving money and we are seeing more CATs happening as a result.

25% of those responding to our Town and Community Council survey stated they have been involved in the transfer of open spaces; 19% the transfer of a village or community hall; 9% of bus shelters and 2% of streetlights.

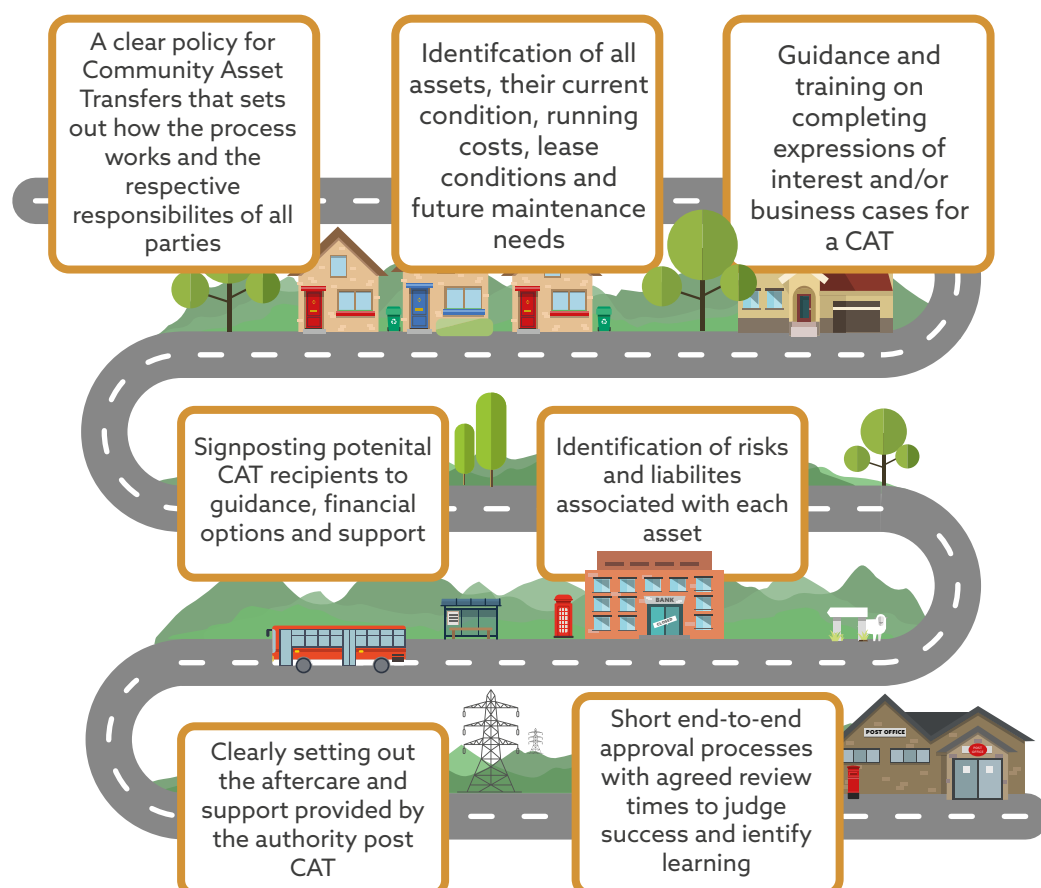
## Options and solutions

- 1.7 Our survey of citizens living across rural Wales conducted in 2017-18 found that the reaction to potential alternative service delivery models is mixed but that half of citizens are open to the idea of encouraging communities to run services themselves, particularly those in younger age groups (61% of 16-34 year olds). Similarly, almost 40% of those who responded to our survey of Town and Community Councils felt their organisation has the capacity to deliver more services or amenities than it currently does.
- 1.8 Research by Locality<sup>3</sup> finds that public bodies that are good at transferring assets have some common features. Namely, good quality and supportive guidance with short end-to-end processes for overseeing and approving cases. Critically, the success of a transfer is founded on shared responsibility; both from the local authority transferring the asset, but also the community group and body taking on responsibility.
- 1.9 The successful transfer of assets and the securing of a sustainable future is often dependent on an authority having good quality guidance and responsive approval processes. The availability of relevant information, advice and support has a big impact on the effectiveness of the CAT process<sup>4</sup>. **Exhibit 4** summarises what we consider the key components of a good strategic approach to CAT.

3 <http://locality.org.uk/services-tools/support-for-community-organisations/ownership-and-management-of-land-and-buildings/>

4 See [locality.org.uk/resources-for-councils-service-providers](http://locality.org.uk/resources-for-councils-service-providers)

## Exhibit 4 – features of an effective strategic approach to community asset transfer



Source: Wales Audit Office

1.10 Local authorities with a strategic approach to CATs proactively map what assets they own or control against corporate priorities and projected budgets to identify their strategic relevance, the potential financial impact and consequently the opportunities for CATs. Authorities are increasingly doing this with Public Services Boards (PSB) to gain a full picture of who owns what. For instance, the approach adopted by Flintshire County Council and its PSB partners who have identified all of their assets and those that are suitable for transfer<sup>5</sup>. Elsewhere, some local authorities, such as Devon County Council, are taking this a step further mapping all community assets such as church halls, scout huts, and theatres to gain an understanding of all the key facilities within communities.

5 See [flintshire.gov.uk/Community-Asset-Transfer-\(CAT\)/AssetsForConsideration](http://flintshire.gov.uk/Community-Asset-Transfer-(CAT)/AssetsForConsideration)

A review of Heritage Lottery funding by Locality in September 2017 found that the value of grants in 2016-17 totalled £74.4m for community groups in England (91% of all funding), £4.1m for Scotland (5% of all funds) and £3.3m in Wales (4% of funds covering 4 projects). This suggests community groups in Wales are not accessing key sources of funding that support CAT.

## Good practice examples of a strategic approach to Community Asset Transfers

### Case study – A community run leisure centre in Ceredigion

The responsibility for running the services at Tregaron Leisure Centre have been transferred by Ceredigion County Council to a local community group. The process was established following work undertaken by the Council's Leisure Reconfiguration Board who identified Tregaron as suitable for transfer to the community. The Council then sought expressions of interest for the delivery of community sports activities from the leisure centre. Hamdden Caron Leisure are a group of volunteers from Tregaron and the surrounding area and gave an expression of interest to run the leisure centre after detailed consultation with users, non-users, and sports clubs in the area. A 25-year lease has now been signed between Ceredigion County Council and Hamdden Caron Leisure. The Leisure Centre now operates as a community hub for leisure and sporting activity with new sports clubs joining and overall participation up by 20%..

### Case study – Effective approaches to Community Asset Transfer

We identified the following authorities as having developed good approaches to community asset transfer:

- **Rhondda Cynon Taf County Borough Council** has declared a number of assets as surplus to its needs (referred to as 'Assets of Community Value'). The Council's website includes guidance, online templates, a detailed building description and a single point of contact for information, all aimed at helping to ensure smooth transfer.
- **Powys County Council** advertises land and building assets that have the potential to be transferred. Online expressions of interest forms and a business case template is available that encourages a detailed and shared understanding of project risks.
- **The Vale of Glamorgan Council** has a comprehensive toolkit with guidance and templates and signposts applicants to further information and potential financing.

### **Case study – A proactive asset transfer programme in Cornwall**

In 2011, Cornwall Council gathered detailed information on all existing assets and published criteria on suitability for community asset transfer. From a long list, 25 were selected for the first phase from 2011-14 based on their suitability for transfer based on their score against Cornwall's joint community needs analysis and fit with corporate objective. The top ten were then identified for detailed feasibility studies. These projects were designated and championed by local councillors, and supported with professional and legal costs to undertake the transfer into the recipient community organisation. Once the projects were transferred, they were independently evaluated and the learning points were integrated into a suite of policy documents, community capacity building workshops, financial packages, and guidance.

### **Case study – Whole systems approach to Community Asset Transfer in Norwich**

Norwich Council provides an online timeline and set of service standards that community groups can expect. This gives a realistic overview of how long it takes and the key stages along the way. The timeline includes an annual review of the service agreement targets and benefits to community wellbeing. The local authority's CAT policy sets out its Assessment criteria and how it expects community benefit to be maximised. Norwich also provides a specific online newsfeed to community groups and citizens informing them about opportunities and progress with transfers.

### **Case study – sustainability and wellbeing considerations in Community Asset Transfer**

East Dunbartonshire Council in Scotland recognises that the community and voluntary sector make a significant contribution to the quality of life in its communities. The East Dunbartonshire Asset Register includes details of all local authority and publically owned assets and includes criteria showing if it is available for asset transfer. Application guidance includes equality impact assessment and an environmental screening process to highlight ways to conserve natural resource. Applicants are asked to demonstrate how the transfer will improve economic, environmental, and social wellbeing. Ongoing support, community involvement, language considerations including promotion of the use of British Sign Language, and long term outcome monitoring are particularly strong features of the new Community Asset Transfer Policy 2018.

## Part 2 – Local authorities need to work with communities to develop their capacity and skills to be able to take on and manage assets in the future

- 2.1 In **Part 1** we consider what constitutes a good strategic approach to support the successful transfer of assets to communities. Local authorities also need to ensure there are sufficient skills and capacity in their communities to make a transfer successful. In this section, we examine the challenge of building capacity in communities to support them to successfully take on assets. This includes helping community groups develop financial and property management, marketing, and commercial skills. We also explore how and why local authorities need to have efficient and effective systems in place to support and enable transfers to succeed.

### Challenges

- 2.2 Community organisations who bid for and take on the management of a local authority asset will need to ensure that they have the necessary skills to manage finances, undertake fundraising, meet health and safety, safeguarding and insurance obligations and liabilities, and work within the law. This can be daunting and requires help and support. A review of CATs by the Joseph Rowntree Foundation<sup>6</sup> highlighted that different types of skills and knowledge are needed to effectively deliver asset transfers, in particular, financial skills and working knowledge of charity regulations, including liabilities.
- 2.3 Ultimately, local authorities have to satisfy themselves that the recipient of an asset is the right body and has the necessary skills to take on the asset. Consequently, local authorities have an important role to play to support recipients of CATs. For instance, providing guidance on fundraising, charity regulations and alternative community development models such as social enterprises.
- 2.4 Our review of local authority websites and guidance is set out in **Exhibit 5** below. Overall, we conclude that there is more that local authorities could do to help community bodies. For instance, our review of policies and guidance materials found that only seven authorities provide specific and active capacity building to community groups and potential transferees such as mentoring, financial support, training and workshops to promote good practice and learning from successful CATs. For example, Flintshire County Council provide guidance on business modelling to help community groups bid for and secure external funding to support the initial stages of the asset transfer<sup>7</sup>.

<sup>6</sup> See [jrf.org.uk/report/community-asset-transfer-northern-ireland](http://jrf.org.uk/report/community-asset-transfer-northern-ireland)

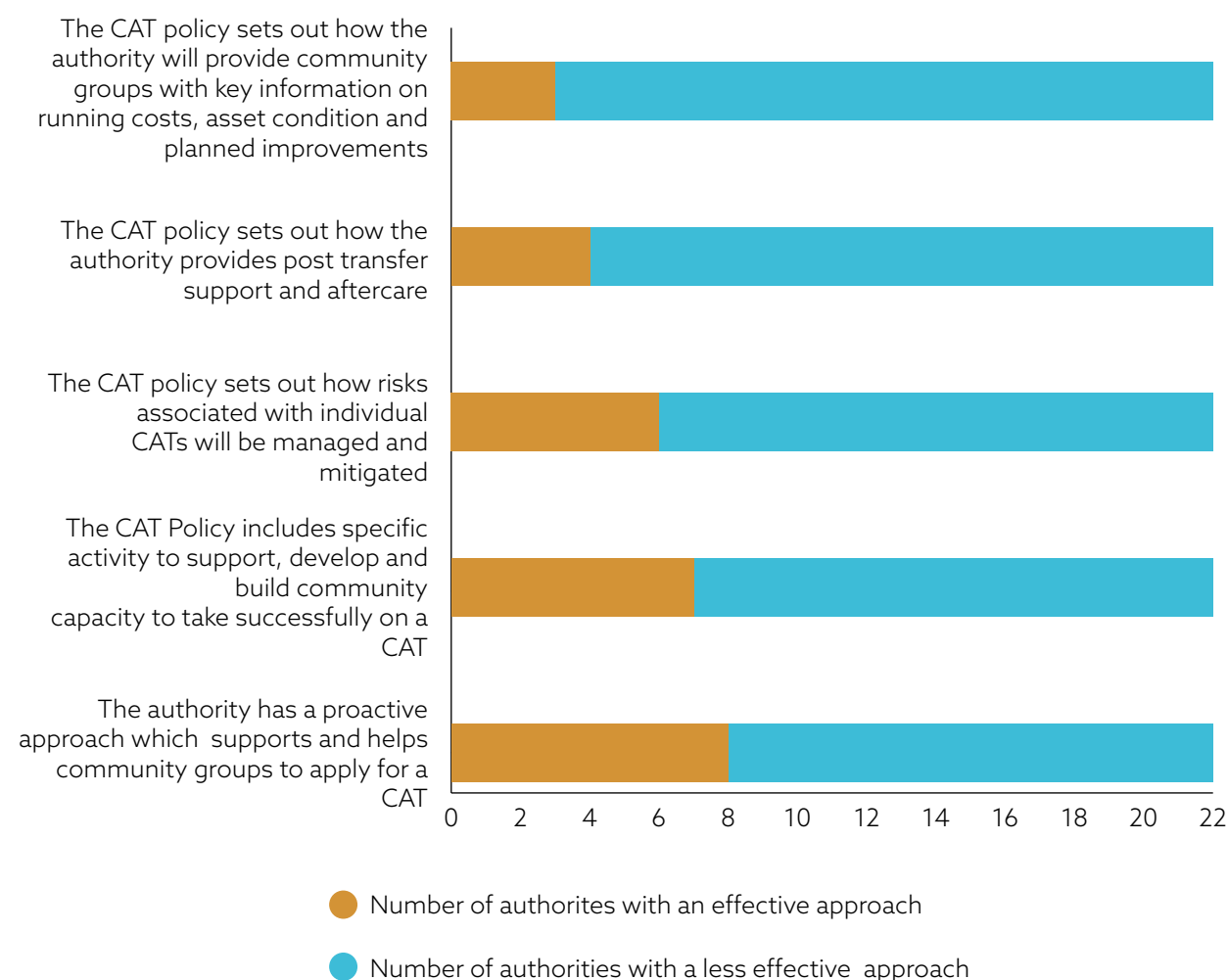
<sup>7</sup> See [flintshire.gov.uk/en/Community-Asset-Transfer-\(CAT\)](http://flintshire.gov.uk/en/Community-Asset-Transfer-(CAT))



2.5 In addition, only six authorities outline how they will manage and mitigate risks associated with individual CATs and only three identify the importance of providing good information on running costs and asset condition to transferring bodies. This suggests that authorities are not doing all they can to ensure a smooth handover and create a sustainable legacy. A number of Town and Community Councils responding to our survey noted that they felt they had to take on the transfer even when they acknowledged they did not have the skills or resources to maintain the asset.

### Exhibit 5 – Wales Audit Office review of CAT Policies and online Guidance

Most authorities have significant gaps in their CAT policies and are not doing all they can to support community groups to take on and sustain assets



Source: Wales Audit Office

## Options and solutions

- 2.6 Community groups can find it difficult to bid for and secure early investment to enable a transfer to happen but there is a lot of material available to support them and local authorities. These include:
- **Welsh Government guidance** encourages local authorities to collaborate with community groups to build capabilities and provide them with the confidence and skills to take on the management of assets and have produced some helpful materials including resource toolkits, checklists and signposts to a range of finance options<sup>8</sup>.
  - **The Big Lottery Fund**<sup>9</sup> provides a wealth of information to help groups to develop the necessary skills and capabilities to bid for and secure grants<sup>10</sup>.
- 2.7 Short-term management agreements are one way to offer community groups a taste of running a community asset before full transfer takes place. Both Neath Port Talbot County Borough Council and Shropshire County Council offer twelve-month management agreements which help community groups to build, experience and skills. Short-term arrangements are a good stepping stone to see if a longer-term transfer with a more substantial agreement in the future is possible<sup>11</sup>. Most local authorities choose to transfer on a leasehold rather than a freehold basis, so that the property remains in public ownership. A long leasehold (over 25 years) will be acceptable to most funders, though some loan funders expect a longer lease

A community group told us: “the county council transferred the liabilities rather than an asset”

A local authority told us: “the council has sought to undertake some immediate Health and Safety works for some assets to ease the asset transfer. All properties have full surveys and accurate position statement on the “warts and all” of an asset.”

One local authority told us: “we wanted to avoid the community groups feeling as if they had to take on an asset and were not supported to continue to provide services”.

8 See [gov.wales/c-a-t-checklist](https://gov.wales/c-a-t-checklist)

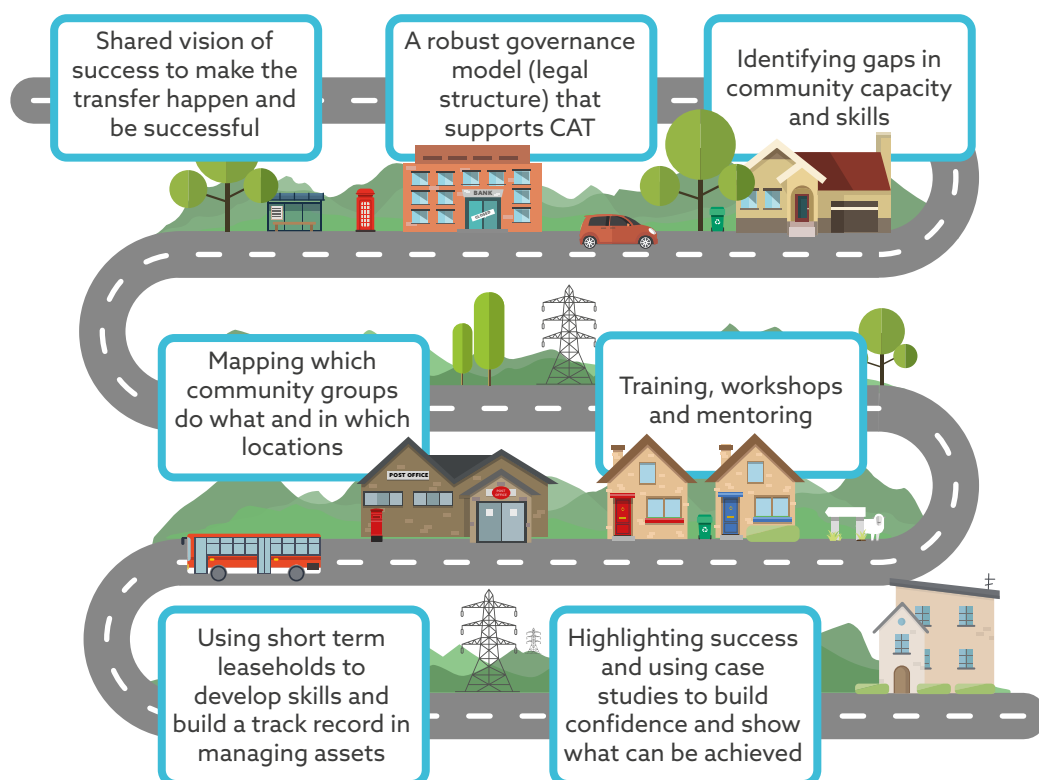
9 See [biglotteryfund/making-the-most-of-funding/building-capacity](https://biglotteryfund/making-the-most-of-funding/building-capacity)

10 See [gov.wales/topics/community-asset-transfer/community-banks-and-finance](https://gov.wales/topics/community-asset-transfer/community-banks-and-finance)

11 See [shropshire.gov.uk/community-asset-transfer](https://shropshire.gov.uk/community-asset-transfer)

- 2.8 Likewise, up front investments in assets before they are transferred can also ensure the assets are more attractive for recipients, reduce uncertainty and reduce transfer risks. This investment can vary from repairing components, removing any hazardous material, or cleaning the building. Likewise, the provision of high quality broadband in an asset helps to encourage a CAT. Broadband enables the community organisation to be better connected, encourages businesses to locate within the asset or to deliver services from within the asset. Negotiating access to broadband before, during or after the asset transfer is an important consideration together with ensuring all other utility services are fit for purpose.
- 2.9 **Exhibit 6** highlights the features of effective community capacity building to support successful transfers. A variety of options are available to local authorities to proactively build capacity in communities to grow the skills and capabilities needed to take on and develop assets and the services they host.

### Exhibit 6 – Helping to build community capacity



Source: Wales Audit Office

## Good practice examples of working with community groups to support and enable a Community Asset Transfers

### **Case study - Strong community involvement during transfer of former Splott Library, Cardiff**

This property served as a purpose built Council managed library from early 1900s until it closed in 1994. With no alternative operational uses identified by the council, it was declared surplus to requirements in 2012. At that time, the concept of Community Asset Transfer (CAT) was new to the Council, but this approach was adopted as a number of local community organisations had expressed an interest in taking the building over and using it for community related purposes. The project is now well established and the building has been extensively refurbished, and the success of this is largely due to strong political and local community interest and support. The key factors influencing this success is secure occupancy of the building, support from councillors, committed community leadership, strong public support and social media presence, access to external finance, and attracting regular users.

### **Case study - Building community capacity in Cardiff**

Stepping Up is an initiative supported by Cardiff Public Services Board. The initiative is an online toolkit, which has been developed to support residents, and communities in developing and managing services and assets (e.g. community facilities) The toolkit has been written for people and community organisations and sets out the stages involved in taking over the management of services and assets; checklists to guide people through the process; sources of further information and advice; and useful templates to support the development of business planning, recruitment of volunteers and stakeholder engagement etc.

### **Case study - Community organisation health check in Manchester**

Manchester Community Central's Capacity Building Team provides information and support to build the capacity and sustainability of voluntary, community and social enterprises in Manchester. The service works closely with other local organisations to offer a co-ordinated approach in the development of skills and capabilities to support Community Asset Transfer and other initiatives. Coaching, mentoring and tailored training is offered on project management, governance, raising finance, marketing, and risk management.

### **Cast study – collaboration with Voluntary Action Groups to build capacity**

Many organisations have the potential to manage premises effectively, but do not meet the full criteria for asset transfer. Croydon Voluntary Action<sup>12</sup> provides capacity building for these organisations, including: a skills audit; a capacity building plan agreed on point of transfer; visible standards (or equivalent good practice standards); and access to expert advice on finance and resources such as commercial loans, lottery funding, Future Builders and community anchor funding. In addition, Croydon Council may be able to provide interest free loans of up to £100,000, subject to funds being available.

<sup>12</sup> See [croydon.gov.uk/community\\_capacity/advice/transfers](https://croydon.gov.uk/community_capacity/advice/transfers)

## Part 3 – Community groups often require ongoing support from local authorities following transfer but this is variable

- 3.1 CATs can be a long and complex process and the transfer of the asset is not the end. A successful CAT requires commitment and support from local authorities and ambition and dedication from communities. A whole systems approach is required with support throughout the transfer pathway as well as ongoing and post transfer help and advice from the local authority.

### Challenges

- 3.2 What happens after a CAT is just as important as the lead up activity. Authorities should not leave the success of an initiative to chance. A constructive and ongoing dialogue with transferees not only helps to ensure that the original aims of the CAT are achieved, but it also increases the likelihood that any ongoing investment is more secure and that future opportunities are maximised.
- 3.3 Failed CATs can result in local authorities having to spend money to take back ownership of an asset or having to dispose or sell the asset, which can have an adverse impact on both the community where the asset is located. This can damage public confidence in the CAT process and discourage community groups from coming forward to take on and manage other community assets.
- 3.4 Our review of online guidance and CAT policies found that only three authority's had policies to specifically identify and manage the risks associated with the post transfer of an asset and its sustainability and only Cardiff Council gives adequate consideration of post transfer assistance, support, and learning. This is important because authorities will want to see a CAT succeed and need to recognise that they have an important role to play in making this happen.
- 3.5 Too many local authorities have a 'one size fits all' approach to managing and mitigating the risks of asset transfer. For example, transferring the responsibility for street lighting will not need the same level of risks management as transferring a leisure centre. There are a number of approaches to managing risks in asset transfer. For instance, the purpose for which the asset is sought, the size of asset, and also the capacity of the receiving organisation to manage the asset.

- 3.6 Our survey of Town and Community Councils finds considerable scope to improve the business planning, preparation, and aftercare for community asset transfer. For example, only a 10% of those Town and Community Councils who have taken on responsibility for an asset in their area received ongoing support after the transfer.

A community group told us “after transfer the electrics were found to be non-compliant on first day, and the upgrade cost £70,000 which the charity is finding funds for overtime”

A town and community council told us: “the local authority could improve its communication and support around asset transfers, particularly after the transfer has happened”

## Options and solutions

- 3.7 Elected members have an important role in supporting CATs and may need support in understanding all the risks involved.<sup>13</sup> Case studies in [Appendix 3](#) highlight how important leadership is in ensuring smooth asset transfers. Welsh Government is seeking to develop a Welsh approach to CATs and has held conferences with a particular focus on building capacity and supporting elected Member’s skills development.

### **Case study – Bradford Council handover arrangements**

The Council sees CATs as a long-term partnership with the community group. The Council has a dedicated CAT Team that offers ongoing help and support, including bi-annual visits to each property transferred to identify further assistance that recipient bodies or groups may require. A support visit is also an opportunity to discuss such things as statutory compliance, health etc. and make sure that the property is adequately insured. Bradford Council’s Handover Pack<sup>14</sup> contains all legal documents, the latest building condition survey, inventory of equipment, health and safety guidance, all certificates for compliances, and insurance documents.

<sup>13</sup> See [locality.org.uk/COMMUNITY-ASSETS-COUNCILLOR-GUIDE.pdf](http://locality.org.uk/COMMUNITY-ASSETS-COUNCILLOR-GUIDE.pdf)

<sup>14</sup> See [bradford.gov.uk/your-community-asset-transfer](http://bradford.gov.uk/your-community-asset-transfer)

- 3.8 Some projects take some time to achieve sustainable finances and may require ongoing revenue support via grants, loans or other sources of finance such as Crowdfunding<sup>15</sup> to enable them to develop so that they generate a profit. Ongoing support from local authorities includes signposting external grants and presenting community groups with financial options. The Big Lottery is a popular source of finance for community groups undergoing CATs. However, applying for a Big Lottery grant can take up to two years and interim support may be needed. The Welsh Government provides some excellent information to support and signpost organisations taking on transfers to useful resources.<sup>16</sup>
- 3.9 Local authorities are finding it difficult to monitor and measure the impact of CATs, in particular the wellbeing and social impact of a transfer. This is important because sharing what works well helps demonstrate and encourage community groups to take on and manage an asset because they feel supported. The Social Return on Investment (SROI) model<sup>17</sup> is widely used by the third sector and can help to illustrate the social value of CATs. Some local authorities have made their own attempt to measure social value: Devon County Council, and Birmingham City Council, for example, with the think tank Rich Regeneration, have created a social value toolkit specifically for CATs<sup>18</sup>.
- 3.10 **Exhibit 7** below summarises some of the key issues authorities need to consider in providing ongoing support to address common challenges and risks in transferring assets. **Appendix 3** sets out a more detailed self-evaluation and risk matrix aimed at decision makers in transferring authorities.

<sup>15</sup> Crowdfunding is a method of generating funding for a service or project from a number of people, normally through social media. See Welsh Government guidance [community-asset-transfer/crowdfunding\\_and Crowdfunding and Civic Assets - learning from the USA](#)

<sup>16</sup> See <https://gov.wales/topics/people-and-communities/communities/community-asset-transfer/resources/?lang=en>

<sup>17</sup> Social return on investment is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested.

<sup>18</sup> See [communityassettransfer.com/valuing-worth](http://communityassettransfer.com/valuing-worth)



## Exhibit 7 – Providing ongoing support



Source: Wales Audit Office

# Appendices

## Appendix 1 – Study Methodology

- A detailed analysis of data drawn from StatsWales, the Local Government Data Unit Benchmarking Hub, the Office of National Statistics, NOMIS, the Institute of Public Care and HM Land Registry.
- A review of published literature including reports and primary research by the Wales Rural Observatory, the Commission for Rural Communities, Move your Money, Better Transport, Deloitte, Post Office Counters LTD, the Welsh Government, One Voice Wales, BDRC Continental, DCLG and DEFRA.
- An analysis of a sample of Public Service Board Well-being Assessment and Plans.
- A survey of 711 Town and Community Councils to identify the challenges they face in managing, maintaining and developing services to rural communities and how well they engage with and work in partnership with local authorities in respect of community asset transfers. We received responses from 355 bodies.
- A qualitative survey of 750 citizens to ascertain how well local government engage with and understand public perceptions in shaping services to rural communities. The survey question framework was framed to link with past research on services to rural communities, in particular the 2007 Wales Rural Observatory report 'Coping with Access to Services'<sup>19</sup> which identifies five important dimensions of delivering services in rural settings: adequate, accessible, available, affordable and acceptable.
- Interviews with key national stakeholders including Welsh Government, One Voice Wales, Society of Community Council Clerks, Welsh Local Government Association, third sector bodies, Community Housing Cymru, the Big Lottery, the Princes Trust, the National Farmers Union, academic institutions, private businesses and government agencies.
- Detailed fieldwork in Carmarthenshire, Isle of Anglesey, Gwynedd, Monmouthshire, Neath Port Talbot and the Vale of Glamorgan, the three National Park Authorities, Dyfed Powys Police and Mid and West Fire and Rescue Authority. Our fieldwork included interviews and focus groups with officers, members, and engagement with local partners.
- Engagement with rural communities via attendance at the Royal Welsh Show and a range of local county fayres in Monmouthshire, the Vale of Glamorgan and the Isle of Anglesey.

<sup>19</sup> [http://www.walesruralobservatory.org.uk/sites/default/files/12\\_CopingAccessServices.pdf](http://www.walesruralobservatory.org.uk/sites/default/files/12_CopingAccessServices.pdf)

## Appendix 2 – Defining ‘Rural’ Wales

### What we mean by ‘Rural Wales’:

There is no single agreed definition of a rural Wales. The classification used by Welsh Government defines roughly 20% of the overall Welsh population as living in rural areas. For the purpose of this study, and in line with the Welsh Local Government Association’s rural policy forum, we classify nine authorities as rural, 11 authorities as semi-rural and two authorities as non-rural and urban.

#### PRIMARILY RURAL

- 1 Carmarthenshire
- 2 Ceredigion
- 3 Conwy
- 4 Denbighshire
- 5 Gwynedd
- 6 Isle of Anglesey
- 7 Monmouthshire
- 8 Pembrokeshire
- 9 Powys



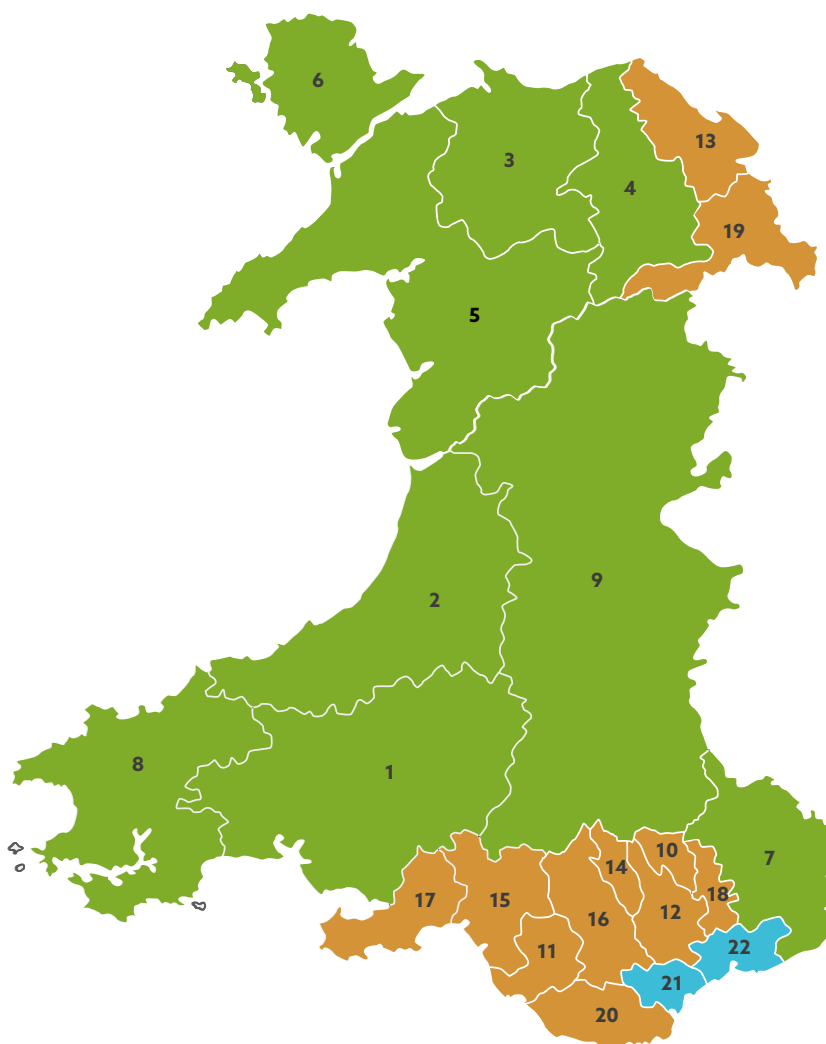
#### SEMI-RURAL/URBAN

- 10 Blaenau Gwent
- 11 Bridgend
- 12 Caerphilly
- 13 Flintshire
- 14 Merthyr Tydfil
- 15 Neath Port Talbot
- 16 Rhondda Cynon Taf
- 17 Swansea
- 18 Torfaen
- 19 Wrexham
- 20 Vale of Glamorgan



#### FULLY URBAN

- 21 Cardiff
- 22 Newport



## Appendix 3 – Managing Community Asset Transfer risks - self evaluation

The following self-evaluation and risk matrix is aimed at decision makers in transferring authorities.

Risk	Risk rating High; Medium; Low	Your mitigating action
The local authority knows where all of its community assets are located in rural areas		
The local authority has capacity to support community asset transfer		
The local authority has identified which rural areas have the highest risk of social isolation		
The local authority has mapped community capacity, capabilities, skills and resources in rural areas		
The local authority matches the transferring asset with local need, future demand and community capabilities		
The objectives proposed by the community organisation for the asset are clear and aligned to those of the transferring local authority		
The local authority makes its full knowledge of the asset freely available – e.g. condition, running costs, rights of way, historic interest, value, accessibility, and boundaries		
The local authority has invested in the asset so it can be transferred quickly		
The receiving community organisation has the capacity, skills and capabilities to manage the asset		
The receiving community organisation is not over reliant on a small number of volunteers		
Community organisations have access to external funds to purchase, refurbish and maintain the asset		

Risk	Risk rating High; Medium; Low	Your mitigating action
Staff transfer arrangements such as TUPE have been addressed and the outcome of the assessment communicated to all parties		
The local authority has assured itself that the community organisation receiving an asset has appropriate and effective legal and governance arrangements		
Roles and responsibilities for the asset transfer are clear and known		
Community organisations know what to do to maintain the asset in the future		
The community asset has good utilities and broadband access (where applicable)		
Community organisations taking on the asset are financially stable		
Agreements, including suitable conflict resolution arrangements, are in place to deal with any problems that may arise in respect of the asset		

Wales Audit Office

24 Cathedral Road

Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in  
Welsh and English.

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru

24 Heol y Gadeirlan

Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn Testun: 029 2032 0660

Rydym yn croesawu galwadau  
ffôn yn Gymraeg a Saesneg.

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)