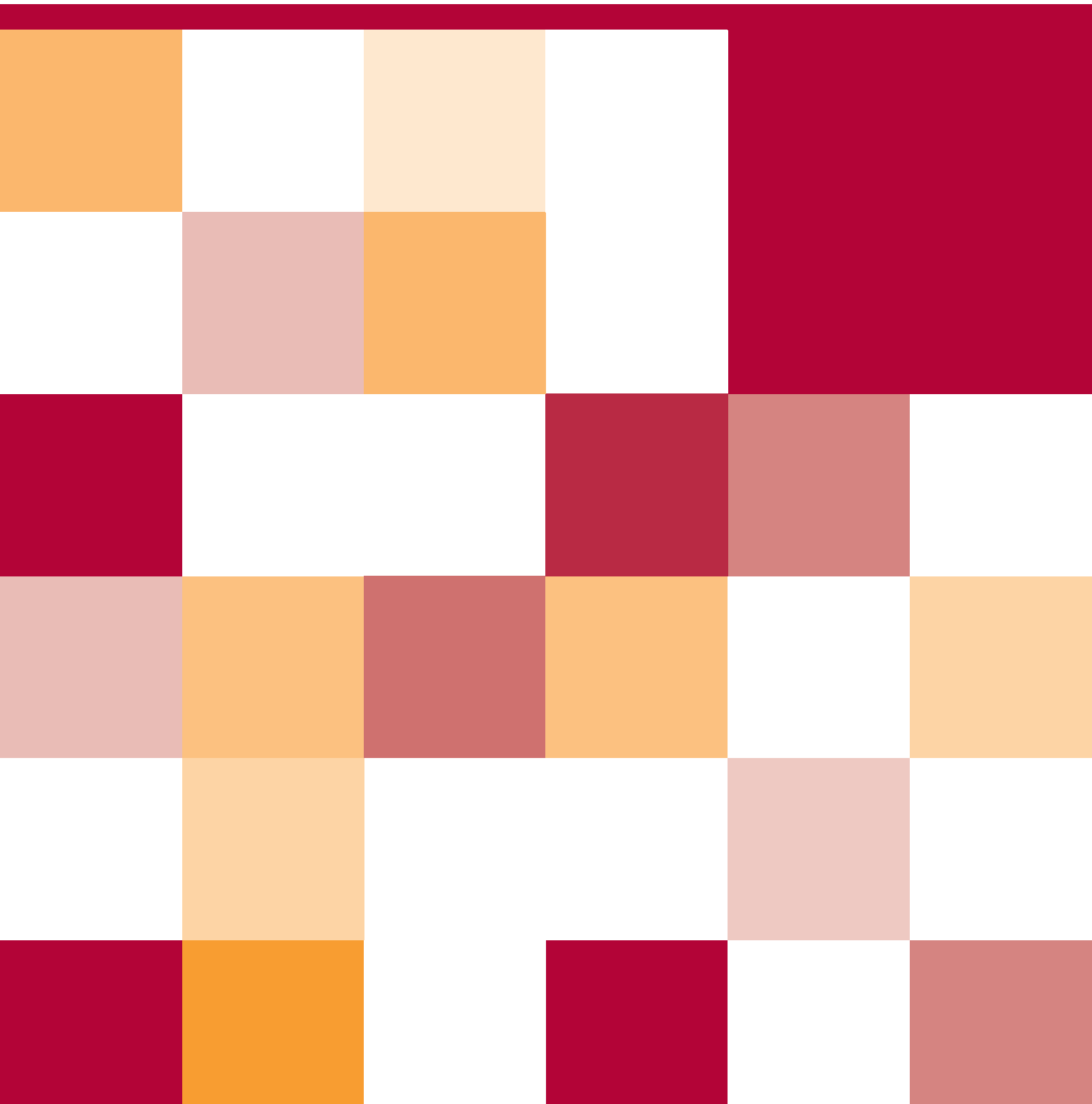




CabinetOffice
Office of the **Third Sector**

Consultation on the Community Assets Fund

March 2007



Introduction

1. As part of the Government's commitment to expand the opportunities for communities to manage or own physical assets, a £30 million Community Assets Fund was announced on 6 December 2006. This fund will facilitate the transfer of management or ownership of assets from local authorities in England to the third sector, by offering capital to refurbish assets. The Big Lottery Fund will manage the Community Assets Fund on behalf of the Office of the Third Sector.
2. This document sets out some underlying principles that will govern the Community Assets Fund, to ensure that it supports social, economic and environmental aspects of sustainable development. It also asks for the views of stakeholders on some aspects of how the fund will work, such as its beneficiaries, distribution and eligible assets. This consultation is aimed at those with an interest in the transfer of assets from local authorities to the third sector.
3. The Office of the Third Sector will carefully consider the responses to this consultation and publish a summary of responses in summer. At that time, final criteria for the Community Assets Fund will be announced, together with guidance, application information and timescales.
4. As well as being an investment in physical infrastructure, the Community Assets Fund will raise the social value of underused public buildings. It will create spaces for community activity and service delivery. In addition, it will empower community organisations to be innovative in identifying and responding to local need, giving them a new place in the community, new skills, confidence and financial sustainability.
5. In December 2006 the Interim Report of the review of the future of the third sector underscored the importance of community ownership and management of assets. At the same time, the *Partnership in Public Services* action plan from the Office of the Third Sector committed the Government to establishing a £30 million Community Assets Fund. These built on the Local Government White Paper (*Strong and Prosperous Communities*), which indicated the Government's intention to increase the opportunities for communities to take on ownership and management of assets, including by establishing a fund to encourage asset transfer.
6. In addition to the new fund, a Review of community management and ownership of public assets, led by Barry Quirk (Chief Executive of the London Borough of Lewisham), is expected to make further recommendations to Government shortly. The report of the Review will be published in May 2007, and will be followed soon after by the Government's implementation plan.
7. The Big Lottery Fund will act as fund manager for the Community Assets Fund on behalf of the Office of the Third Sector. The fund will benefit from the Big Lottery Fund's experience of working closely with the voluntary and community sector, from national bodies to local community organisations. The Big Lottery Fund also has

Background

4. The Community Assets Fund will support partnerships between local authorities and community-led, third sector organisations, to enable communities to have a greater stake in the buildings they use. Taking control of their own building can be an important step for third sector organisations, one which benefits the group itself, the community they serve, and other local stakeholders.
5. Having a greater stake in their own building gives third sector organisations more independence, as they can develop financial and organisational sustainability. They are better placed to plan ahead, diversify their activities and skills, and take on a new status in their community. By being embedded in the community, local organisations can reach marginalised and disadvantaged people, and help these people take a bottom-up, self-help approach to improving their lives and their

a strong track record of investing large sums of money, including in capital projects (for example its existing Community Buildings programme), to provide the right support for beneficiaries. It also has experience of working with local authorities. The Big Lottery Fund will involve other strategic delivery agencies and specialist financial intermediaries, such as the Adventure Capital Fund, to make the most of their expertise.

What principles will underpin the fund?

10. The objective of the Community Assets Fund is to increase the community ownership or management of assets, to enable community organisations to be successful and independent in the way they respond to local needs, strengthen cohesion and promote wellbeing. In doing this, it contributes to local sustainable development.
11. Recent research and consultation (including by the Quirk Review and the Local Community Sector Taskforce) have established some key principles for sustainability relevant to the Community Assets Fund. These underlying principles will help ensure the fund supports social, economic and environmental aspects of sustainable development and on that basis, are being excluded from this consultation.
12. The £30 million available is a limited resource, and is only for capital expenditure on refurbishment. So these principles will also help target the fund strategically, to maximise the benefit for communities and the lessons for future policy. The principles that are expected to govern the way the fund will work are as follows.
 - a. A flexible approach is needed to respond to the needs and circumstances of different communities and their councils.
 - b. Grants will be available to strong partnerships between local authorities and community-led, third sector organisations. Partnerships must demonstrate that their proposal reflects the range of local needs, third sector organisations, available assets and ways of transferring assets.
 - c. Partnerships must demonstrate strong community leadership and endorsement for their transfer, and show that the asset will be used for a range of activities and will be accessible to a variety of frontline groups, especially those working with disadvantaged communities.
 - d. The asset for refurbishment and transfer should have been selected as a result of a strategic, corporate approach to asset management (a corporate approach is where a local authority works with the third sector, taking a strategic look across all its assets and community needs to identify the most appropriate transfer).
 - e. An enterprising approach to asset management will be supported, by requiring robust business plans that aim for long-term financial sustainability.
 - f. Risk will be managed using safeguards such as business planning, independent expert advice, feasibility studies, ongoing financial agreements and robust governance arrangements.
 - g. Refurbishment must consider the energy efficiency of buildings, to reduce running costs and the contribution to climate change.

13. It is also expected that the fund management will incorporate the following two principles.
- h. Specialist financial intermediaries will be involved to draw in further investment and expertise.
 - i. The Community Assets Fund will seek to co-ordinate with capacity building programmes such as Capacitybuilders, to draw in technical advice and organisational development support, both before and after transfers.

Consultation questions

14. Some principles underlying the Community Assets Fund are already clear, such as flexibility and the need for meaningful partnerships. The views of stakeholders would be valuable in determining other aspects of how the fund is used. Responses are particularly welcome on the beneficiaries of asset transfer, eligible assets, supporting partnerships, the distribution of support, the nature of transfers, and maximising impact and lesson learning.

Beneficiaries of asset transfer

15. The Community Assets Fund aims to refurbish assets that will be accessible to a mix of frontline community groups, for a variety of activities. To become financially sustainable, projects should be able to draw in further investment, have a strategic impact and take an enterprising approach to asset management.
16. Potential beneficiaries of asset transfer range from community anchors (large, community-led, multi-purpose organisations that support local community activity and provide support and premises for frontline organisations) to small, frontline organisations (more likely to be run by volunteers, with less capacity for asset management).

Question 1

The average grant size is currently expected to be within a range of £250 000 to £500 000, perhaps with more for some projects, in order to achieve a strategic impact. Is this the right approach?

Question 2

To what extent should this fund focus on funding large scale beacon projects?

Eligible assets

17. The Community Assets Fund is expected to provide new opportunities for communities to take greater responsibility for assets like community centres, village halls, libraries and recreation facilities (which may include some outside space). Eligible assets will be those where the partnerships can show that they are appropriate for transfer to the third sector and that they fulfil the principles outlined in the previous section. Beyond this, the Community Assets Fund is expected to have a broad definition of eligible assets.

Question 3

Should the fund take the proposed flexible approach to determining whether an asset is eligible?

Supporting partnerships

18. A strong relationship between the local authority and the recipient of the asset will be crucial to making the transfer work. Partnerships will need to be formed in a way that gives small, frontline organisations the opportunity to be involved (to ensure that the refurbished building will meet their needs), without overburdening those without the capacity or desire to take on significant asset management tasks.

Question 4

Should the fund focus on areas where relationships are already strong and working partnerships are already formed, rather than bringing new partnerships together?

Distribution

19. The Community Assets Fund should be distributed in a way that maximises its impact. It could aim to spread its funding to reach a large number of local authority areas. Alternatively it could focus on supporting a small number of programmes of asset transfer within a few areas in order to create exemplar authorities. In order to increase understanding of the different ways and situations in which asset transfer can work, the fund could aim to support projects that are pioneering new approaches to asset transfer.

Question 5

Should we focus on supporting programmes of transfer in a small number of local authority areas, or fund projects distributed across many authorities?

Question 6

Is there scope for regional allocation of funding under this programme?

Question 7

Should the fund aim to support innovative projects that are piloting a range of different approaches to asset transfer?

Nature of transfer

20. There are various ways to transfer an asset, including freehold transfers and long term lease arrangements¹. These can vary in nature and detail, but it is important for the Community Assets Fund to support transfers that are unencumbered wherever possible, from both an operational and financial viewpoint, to increase the independence of the recipient organisation. The recipient must receive an asset rather than a liability. The fund could have a preference for a particular type of transfer,

or could be flexible, supporting whichever type of transfer the partnership selects as most appropriate for their circumstances.

Question 8

Should the fund have a preference for a particular type of asset transfer, such as transfer of ownership rather than a long term lease or management arrangement?

Maximising impact

21. To maximise its impact, the Community Assets Fund should complement existing policies and funding streams that support asset transfer, at a national or local level. It will be important for projects to draw in further funding and support for the development of their asset and for capacity building and organisational support.

Question 9

What opportunities are there to co-ordinate with other funding streams and programmes?

Sharing good practice

22. Community management of assets has recently risen up the policy agenda. The interest in asset transfer is likely to increase when Barry Quirk publishes his review of community management and ownership of assets, expected in May 2007. The Community Assets Fund should contribute to local and national policy and understanding of asset transfer. To do this its lessons should be shared and taken on board by those with an interest or influence in community asset transfer.

Question 10

How can the fund be managed to influence policy and practice?

¹Under *Circular 06/03 Local Government Act 1972 general disposal consent (England) 2003* local authorities are able to dispose of assets at up to £2 million less than the best price that they can reasonably obtain, to secure the promotion or improvement of the economic, social or environmental well-being of its area.

About the Consultation

The Government wishes to consult individuals and organisations about the proposals for the Community Asset Fund during the 12 weeks from 30 March 2007 to 23 June 2007.

Electronic versions of this consultation can be found at www.cabinetoffice.gov.uk/thirdsector

You can also contact us via email at:

communityassets@cabinet-office.x.gsi.gov.uk

We are able to supply copies of this consultation in alternative formats (such as larger print or Braille) on request.

Following consultation, the government intends to consider responses in summer 2007. A summary of responses to the consultation will be published.

Please send your responses to the consultation by 23 June 2007 to:

Annie Cooper
Office of the Third Sector
2nd floor
35 Great Smith Street
London SW1P 3BQ

communityassets@cabinet-office.x.gsi.gov.uk

When they respond, representative groups are asked to give a summary of the people and organisations they represent, and where relevant, who else they have consulted in reaching their conclusions.

The information you send us may need to be passed to colleagues within Cabinet Office or other Government departments, and may be published in full or in a summary of responses.

All information in responses, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004). If you want your response to remain confidential, you should explain why confidentiality is necessary and your request will be acceded to only if it is appropriate in the circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Cabinet Office. Contributions to the consultation will be anonymised if they are quoted.

Individual contributions will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond. If you have comments or complaints about the consultation process itself, please contact Ian Ascough in the Better Regulation Executive: ian.ascough@cabinet-office.x.gsi.gov.uk

Annex A

Who we are consulting

This consultation document will be sent to the Office of the Third Sector voice strategic partners. These are listed below.

- Action with Communities in Rural England
- Association of Chief Executives of Voluntary Organisations
- British Association of Settlements and Social Action Centres
- BME Standing Conference Partnership
- Charities Evaluation Services
- Charity Trustee Networks
- Church Urban Fund
- Community Matters
- Community Action Network
- Community Development Exchange
- Consortium of Lesbian Gay Bisexual & Transgendered Voluntary & Community Organisations
- Council for Ethnic Minority Voluntary Organisations
- Development Trust Association
- FaithAction
- Foyer Federation
- National Council of Voluntary Organisations
- National Association Voluntary & Community Action
- National Council for Voluntary Youth Services
- The Scarman Trust
- Third Sector European Network
- Urban Forum
- Women's Resource Centre

Annex B

Cabinet Office Code of Practice on Consultation

This document and the consultation process have been planned to adhere to the Code of Practice on Consultation produced by the Cabinet Office, and are in line with the six consultation criteria, which are:

- 1 Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- 2 Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
- 3 Ensure that your consultation is clear, concise and widely accessible.
- 4 Give feedback regarding the responses received and how the consultation process influenced the policy.
- 5 Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
- 6 Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

References

Cabinet Office, Office of the Third Sector (December 2006)

Partnership in Public Services: an action plan for third sector involvement

Department of Communities and Local Government (October 2006)

Strong and Prosperous Communities: The Local Government White Paper

Department of Communities and Local Government (January 2007)

Report from the Local Community Sector Taskforce

Office of the Deputy Prime Minister, Home Office (April 2006)

Communities Taking Control: final report of the cross-sector work group on community ownership and management of assets

HM Treasury, Cabinet Office, Office of the Third Sector (December 2006)

The future role of the third sector in social and economic regeneration: interim report

Together We Can (July 2006)

Community Assets: the benefits and costs of community management and ownership