

**COMMUNITY ASSET TRANSFER POLICY FOR PREMISES  
RELATED TO SUPPORTING THE VOLUNTARY,  
COMMUNITY AND FAITH SECTORS**

**Updated 02/04/2024**

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# COMMUNITY ASSET TRANSFER POLICY FOR PREMISES RELATED TO SUPPORTING THE VOLUNTARY, COMMUNITY AND FAITH SECTORS

## Background and Strategic Aims - Community Asset Use and Transfer

There is a significant financial challenge facing the Council and it needs to dispose of non-essential assets in order to reduce its debt burden and debt payments. Those properties that are included in the Council's disposals programme are therefore ***excluded from this CAT policy***.

A Community Asset Transfer (CAT) is defined as the transfer of land or buildings from the council to the ownership and/or management of a third sector organisation (including voluntary and community organisations, social enterprises and other not-for-profits).

This CAT policy sets out the process the Council will follow for CAT applications and the criteria and conditions which will be considered as part of that process.

The CAT policy reflects the Council's commitment to enable local VCFS organisations to operate local assets where possible, whilst taking account of the significant financial challenge facing the Council and its need to dispose of non-essential assets in order to reduce debt payments and protect services for local residents as set out in the Council's Medium Term Financial Strategy and the Improvement and Assurance Panel's Intervention Exit Strategy.

## 1. Premises for the VCFS in Croydon

- 1.1 Securing premises can be a significant challenge for local voluntary, community and faith sector (VCFS) organisations. In addition to offering shorter term lets and venue hires, through the policies set out in this document, the council provides the opportunity for VCFS organisations to take on long leases to directly operate and manage some council owned buildings for the benefit of the local community.

## 2. Allocation of council community properties

### 2.1 Identification of properties to be allocated.

- 2.1.2 The Council will continue to consider CATs on a case-by-case basis for its properties where those properties are not listed as part of the disposals programme.

CATs transfer the council asset to the occupying VCFS organisation on a lease, the rent will depend on the nature of the asset and its income generation potential (as set out in section 3). The organisation takes on full responsibility for the cost of running and maintaining the building. A CAT may be appropriate in specific circumstances where a council property asset is surplus to requirements, the Council considers that the VCFS organisation is better placed than itself to deliver the service in question (for example, a community hall), and the transfer would enable them to benefit from grant funding available to organisations with longer leases.

### 2.2 Eligibility Criteria for the allocation of a property

- 2.2.1 To be eligible, organisations should satisfy the following criteria:

a. Eligible organisations should be:

- Properly constituted, with good governance
- Capable of sustainably, legally and safely managing an asset and delivering services
- Compliant with the Equality Act 2010
- Willing to offer space (if available) and support to smaller groups.

b. Services must be delivered primarily for the benefit of Croydon residents (more than 75% of beneficiaries must be Croydon residents)

### **2.3 Assessment criteria of priority for a property**

2.3.1 As the supply of properties is insufficient for all potentially eligible VCFS organisations that may need premises, the Council will consider applications according to a number of criteria including:

- The soundness of the business case for why the building or land is needed.
- The robustness of the planned income stream for the organisation
- The community benefit offered by the organisation.
- Local need for the service
- Financial management and viability: VCFS organisations will be asked to submit their most recent audited/checked accounts, a business plan or budget, and sources of funding.
- Ability for the organisation to manage an asset and comply with the lease obligations.

2.3.2 Leases are excluded from the security of tenure provisions of the Landlord and Tenant Act 1954. This means that tenants do not have an automatic right to renew the lease when it expires. The length of the lease granted by the Council depends on a number of factors including the length of a commission agreement provided; the financial viability of the organisation; its ability to manage a property and comply with the terms of the lease; the initial investment required by the organisation to refurbish the property; and the Council's plans for the property.

2.3.3 Typically the length of a lease offered by the Council would be 5 – 25 years, with longer leases negotiated to support fundraising or local investment.

2.3.4 When the lease expires, organisations should not assume that the lease will be renewed automatically. The Council will assess whether the tenant organisation continues to meet the eligibility criteria as set out in its agreed business and service delivery plan. This will also consider if it is still appropriate for them to remain in occupation under a renewed lease or for the property to be offered to an alternative organisation.

2.3.5 In considering whether to renew the lease, the Council will take into account the how the lease was originally acquired, for example whether it was;

- subject to a competitive tender
- whether the priorities against which eligibility was assessed at the time the property was allocated are still relevant
- the organisation's satisfactory performance, compliance with the lease and regular use of the property for purposes agreed with the Council.

The Council will also consider;

- its needs and identified community needs at the time the decision is made.

2.3.6 If the Council decides not to renew the lease, it should give the lessee six months' notice.

### 3.0 Rent charging framework for council community properties

- 3.1 In order to deliver its legal duty to achieve Best Consideration, the council will operate a flexible rent charging framework to set the rents for council community properties. Rents for each CAT will be individually assessed and will take into account:
- the geographical location of the property
  - the current and proposed use of the property and its ability to support the Council's core policies (as set out in the Mayor's Business Plan)
  - the physical condition of the property
  - the scale of obligations on the tenant to be fully responsible for all property repair and maintenance.
  - the business case submission and funding proposal from successful applicants.
- 3.2 Rents for buildings that offer more potential for third party/commercial letting are likely to attract higher rents required by the Council.
- 3.3 Where the income generated by the tenant exceeds that stated in their annual business plan by 20%, then there would be a 50/50 sharing of any excess income with the Council capped to a maximum sum payable equivalent to the market rent payable for that site or premise.
- 3.4 Exceptions include scout sites, where, due to the restrictive nature of the use, a standard annual community rent will be applied.
- There will also be some instances where a volunteer group with no income is undertaking a service on behalf of the Council where it may be appropriate to charge a peppercorn.
  - Where a VCFS organisation is investing capital to fit out premises, the Council may agree a rent-free period in recognition of this investment.
- 3.5 Any existing lease that expires the tenant will need to reapply through the CAT process and that any new lease rent level would be set taking into account the criteria set out in section 3.1 and 3.2.

## 4.0 Supporting Documents

To support this updated policy there are various forms, online application details and guidance notes which will be updated as part of the consultation process.

## 5.0 Application Process

Typically, there will be two steps to any CAT application.

**Step 1** 'CAT Application Part 1' covers the initial application submission for consideration on any named sites.

**Step 2** 'CAT Application Part 2' - this covers those applicants who have met the base criteria for consideration but in order to progress to the next step of evaluation they are required to provide more information on their financial proposals and assumptions. Guidance notes will be provided to assist in the part 2 process.