

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

**COMMUNITY ENVIRONMENT AND LEISURE OVERVIEW AND SCRUTINY
COMMITTEE**

28 JULY 2016

COMMUNITY ASSET TRANSFER AND MANAGEMENT OF SPORTS PAVILIONS

1. Purpose of the Report

- 1.1 The purpose of the report is to update the Overview and Scrutiny Committee on the progress made through the Community Asset Transfer (CAT) programme in Bridgend County Borough Council since it was accelerated in November 2015.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Community Asset Transfer contributes to the corporate priority area of Helping People to be More Self Reliant and aims to help meet the budgetary targets outlined in the Council's Medium Term Financial Strategy 2016-17 to 2019-20 (MTFS).

3. Background

- 3.1 The external environment - The period up to 2019 and onwards is likely to offer a number of significant challenges to Bridgend County Borough Council (BCBC), in terms of continuing public sector financial restrictions.
- 3.2 The Council has recognised that with significant budgetary constraints services can no longer operate as previously and that there is a need to explore alternative models of service delivery where local people and community organisations play a larger role in public life. Community owned and managed models of delivery can reinvigorate community assets and ensure that local groups can directly control what happens within the community in which they operate. To this end, Cabinet resolved in July 2015 to undertake a phased approach to Community Asset Transfer (CAT) with the first tranche focussing on the transfer of sports pavilions, community centres, bus shelters and public conveniences.
- 3.3 As a result the Council refreshed its Asset Management Plan at the end of 2015 to ensure that the policy reflects operational processes on the ground. It was recognised that although some good practice examples of CAT had been implemented, progress still remained slow and capacity to take this forward was limited. This resulted in Cabinet resolving on the 14th July 2015 to:

- (a) Set aside £200,000 from the Change Management Earmarked Reserve to fund a dedicated CAT officer, for a 3 year period, along with

specific legal and property support to enable the programme to move forward; and

(b) Present a report to Council to request approval of an additional £50,000 per annum from 2016/17 to 2018/19 to support Town and Community Councils to undertake capital projects. This is in addition to re-focusing the £50,000 already in the Capital Programme in each of these years for community purposes to support CAT. Subsequently this was approved on 7th October 2015.

3.4 The Community Asset Transfer Officer came into post in November 2015 and since that time the following progress has been made:

- 56 organisations have approached the CAT officer regarding 48 different premises.
- 11 applications are now in business planning stage
- 2 applications have been deferred and 2 applications have been withdrawn. 2 applications are being dealt with by Property Services.
- 3 town and community councils are progressing applications for various amenities including public toilets, pavilions, bus shelters and community centres.
- 10 enquiries from community and voluntary organisations – predominantly exploring community centres and pavilions

3.5 Predominantly to date the majority of queries and interest are coming from sports clubs and associations in relation to self-management of pavilions and playing fields.

3.6 The CAT process has been designed to test an organisation's capacity and the robustness of its business and financial case.

A. **Stage 1** of the process is the submission of an Expression of Interest which gives the CAT officer the opportunity to meet with the group face to face to discuss their proposals. At this stage checks are undertaken on the building and the group are given all relevant data for the asset. This will normally inform their decision to progress with CAT. Decisions are traditionally formed dependant on the condition and affordability of the asset.

B. **Stage 2** of the process is where due diligence of the group and its business case commences where the CAT officer will work with the group and assess the following issues:

- a) **Capacity of the organisation** – will review their governance, legal structure, powers within their authority as an organisation identifying if the proposed works are in line with the directors or members

responsibility and capability. The group will also be asked to provide key policies and procedures such as Equality policy, Safeguarding policy, Environmental policy, financial management procedures, insurance etc. Where areas for development are identified groups will be signposted to organisations such as Wales Coop, Coalfields Regeneration Trust and BAVO for additional support and training, which can include support with business plans, funding, and governance. A level of common sense is being adopted when appraising applications to ensure that the process does not become a barrier or restriction to enable groups to progress forward and support will be provided where possible.

- b) **Skills and capacity of the group** – groups will be asked for pen profiles of its directors or members and a brief outline of what skills and experience they will bring to the organisation. Groups will be encouraged to develop role descriptions and a structure to understand how the facility will be managed, procedures surrounding this and outline how conflict will be managed. Additionally some groups (especially where there is one champion within an organisation or an ageing committee) will be asked to develop a succession plan. Groups will be asked to undertake a skills audit of its committee and implement training or mentoring in areas where there are skills deficits/gaps.

- c) **Business and financial case** – At Stage 2 the group is expected to submit a 5 year business and financial plan for review. This will identify how viable the scheme is and gives the case officer the opportunity to challenge and question some of the assumptions made to inform cash flow projections. The CAT officer will present the case to Strong Communities Connecting Service (SCCS) board. The purpose of SCCS Programme Board is to ensure that the Council and key partners maximise services within communities through the use of its buildings and strategic planning of community assets and services. Community Asset Transfer policy and delivery is a key part of the SCCS agenda. An application assessment matrix and report will be presented by the CAT officer for discussion and decision, which scores an organisation on the following criteria:
 - i. Applicant organisations capacity – skills of committee, how it's governed and what processes and procedures are in place to ensure good practice is adopted
 - ii. The business case and proposal for the asset
 - iii. Community and partnership impact – looking at needs analysis
 - iv. Suitability of the asset
 - v. Financial case and assumptions
 - vi. Capacity to manage the asset (operational)

4. Current Situation Proposal

- 4.1 The Rural Development Programme recently commissioned a report on the impact to date of the Community Asset Transfer Programme, on clubs and societies operating in the rural wards of Bridgend. (Wales Cooperative Centre report – Review of Sustainable Venues and Assets in Bridgend County Borough). This provided a timely opportunity to stop and reflect on the first 6 months of the delivery of the CAT programme as it gave an opportunity to engage with the voluntary sector and internal departments to understand what was working well and what was challenging progress and process in relation to CAT.
- 4.2 The report identified 10 recommendations for Bridgend County Borough Council as outlined below:
1. The Council develops a clear narrative for all aspects of its CAT policy to include:
 - What happens to community assets should no-one come forward to take control?
 - Make clear to groups the date when assets will be closed or the Council's support withdrawn.
 - Clarify if CAT applications can continue to be submitted beyond any closure date.
 - Clearly state if the Council has any long term objective to sell un-adopted community assets.
 2. The Council explore the opportunity of making available a small amount of seed corn (development) funding for groups to facilitate the first steps of the CAT process e.g. for surveys, feasibility studies, etc.
 3. The Council ensures that the CAT policy is given sufficient importance by senior management to ensure it achieves its objectives and that Council departments liaise with the CAT officer to develop a clear internal pathway for processing CAT applications.
 4. The Council reviews its current open ended application process and considers adopting 2 application windows a year.
 5. The Council adopts a risk based approach to dealing with minor assets such as bus stops and public toilets.
 6. Priority is given to CAT applications that clearly demonstrate a community or partnership approach to managing an asset.
 7. Terms and conditions of lease agreements offered to groups are in line with the organisation's plans and ambitions for the assets, as set out in their business plan.
 8. The Council ensures that all organisation's seeking medium to long term leases or freehold control of an asset have a robust asset lock written into their governing documents, therefore ensuring that the asset remains publicly owned.
 9. The Council commission adequate independent support from the Third Sector to provide detailed advice and guidance to CAT applicants on issues such as:
 - Options appraisals and feasibility studies
 - Business and financial planning

- Legal structures and governance arrangements
 - All aspects of asset management
 - Partnership/consortia working
 - Income generation and funding advice
10. That the Council explores the possibility of developing a co-operative approach to the ownership and maintenance of playing fields and open spaces across the County.
- 4.3 The key barriers identified to hindering progress for CAT fall under four broad headings:
1. Barriers to participation- issues such as affordability and condition of buildings, and potential upfront exploratory costs.
 2. Clarity of Bridgend County Borough Council (BCBC) policy objectives - understanding what provision and service will look like in the future and clarity on the direction of travel for community assets/facilities/services.
 3. Governance and procedure- Reviewing the process to ensure it is more user friendly, open and transparent.
 4. Advice and guidance – providing advice and guidance to groups at critical points.
- 4.4 The recommendations and subsequent actions will be considered by relevant officers and Cabinet Members over the forthcoming months and actions will be developed to address the issues and priorities raised. Already work is underway to speak with stakeholders and partners, mapping current provision and identifying potential gaps in support. This exercise will then inform a commissioning exercise to provide a support service for groups during the CAT process and afterwards, which will be resourced from the Council's Strategic Regeneration Fund (SRF) and could include:
- a. Intense business planning support and training for CAT projects. The support may be required for both the CAT applicant and Council departments, both of whom need assurance on the long-term sustainability of the proposed transfer.
 - b. Technical and specialist professional support services, such as Traffic Impact Assessments (TIAs), ecology assessment reports, engineering issues and condition surveys.
 - c. Skills development and training for Management Committees on new areas of responsibility.
 - d. Specific advice and support for CAT applicants relating to legal status and governance requirements.
- 4.5 Timescales

At present the programme operates on a rolling basis and there are currently no timescales or deadlines in place for groups to make applications. The Wales Cooperative Centre review highlighted that groups and clubs would

prefer having a set timeframe and clear understanding of BCBC's future intention, to inform their decision to progress (or not) with the CAT process.

4.6 Currently the Parks Department are undertaking a Strategic Review of Parks and Playing Fields which will inform the strategy for future provision and in turn impact on how CAT is implemented. It is inevitable that the findings and recommendations that arise from this work will impact on timescales and implementation dates for issues such as charge increases and potential closure of buildings.

4.7 Alternative Options to CAT

Should organisations and communities not want to take up the offer of the asset transfer, or other barriers prevent transfer, there are a number of alternative options that may also be considered. It is probably sensible to assume that CAT is one option in a menu of alternative options to safeguard and maximise the use of our community buildings, however, other potential alternative models may include the following. These options apply to parks pavilions and playing fields but also potentially to other assets held by the Council:

- a) Do nothing - continue as we are. Unlikely to be an option due to the scale and pace of the budget reductions that need to be realised
- b) Full cost recovery - charges for services could be increased to reflect the full cost of provision, for example for pavilions and playing fields. This will be difficult if it is not implemented in a phased approach, however, this will hinder/slow down the impetus around CAT if the Council are still part subsidising the service moving forward, as there would be less incentive for clubs to pursue transfers.
- c) Closure of buildings - clearly not the Council's preferred model, however, should be explored in instances where:
 - 1) No interest for CAT is being displayed by users,
 - 2) Where the state of repair is so poor the transfer would be a liability to the group
 - 3) Where the facility is poorly used and its outgoings heavily outweigh the benefit it brings. In this instance co-location should be suggested
 - 4) Where groups have submitted a business case which is unviable and would be too risky for the Council and the group. Depending on the scale of required budget reductions some closures may be inevitable regardless of the above.
- d) Co-location of clubs - encouraging clubs to move to other premises to safeguard their teams
- e) Town and Community Councils - encouraging Town and Community Councils to take over ownership of community buildings to safeguard them for groups and clubs and exploit the opportunity to raise the precept for such activity. This could be as part of the CAT process.

- f) Provide a rationalised service, only providing support in strategic sites/hubs around the County - identify a limited number of key sites/hubs where buildings are multi-functional with broader community use, in good state of repair in good locations, well used, who have capable committees and capacity and opportunity for growth.
- g) Promote school facilities for alternative use – in particular 21st century schools which would have capital funding to develop all weather pitch facilities. There are already good practice examples within the Borough where school facilities are used by the wider community including Y Dderwyn and Archbishop McGrath Comprehensive Schools.
- h) Open call for interest through a competitive tender process - where interest from groups is not forthcoming compile asset packs and put the asset transfer out for tender. This is an approach that is adopted in other areas such as South of England.
- i) Full stock transfer to an alternative body - seek a partner to take over the transfer of all remaining stock or look at other models of delivery such as Land Trusts or Cooperatives to take over and manage the facilities.
- j) Asset guardians - work with organisations such as Coalfields Regeneration Trust to support groups in the interim period by taking on a lease in the short term whilst groups build their capacity and confidence to manage the asset.
- k) Sell assets on the open market - dispose through public auction.

This list is not exhaustive and will need to be flexible and evolve in line with the findings and recommendations defined by the Parks Strategic Review.

- 4.9 In the MTFs 2013-14 to 2016-17 the Parks department successfully secured £1 million of funding from the Council's Capital programme to provide upfront capital investment for sports pavilions. This funding is prioritised where it is proposed to transfer the asset through the CAT process. The purpose of this investment is to minimise the risk to the voluntary groups in terms of the repair liabilities and in turn minimise the risk of the building being returned to BCBC due to operational aspects of the building being unviable for the group. Groups are expected to apply for capital funding through their business and financial plan submission (See paragraph 3.6 of the report) which makes the process more streamlined for the applicants. Groups are aware of the fund and it has proved to be a positive incentive to engage groups.
- 4.10 Currently we are drafting guidance on the management of this capital fund to provide greater clarity to groups engaged in the process.
- 4.11 Affordability of running and maintaining assets is constantly highlighted as a barrier to taking on CAT, and the issue of grant subsidy for revenue funding is often raised to overcome the risk period during the first 3 years of transition.

This has proved positive with the self-management of community centres and bowls pavilions. There are no scheduled plans, and no existing budget, to support CAT revenue funding. It may be necessary, however, to consider moving forward whether some mechanism could be agreed to provide initial revenue support when groups who take on CAT are at their most vulnerable in the first couple of years after transfer.

- 4.12 The Property Department have started a new programme of condition surveys which commenced in May 2016, therefore all assets up for consideration for CAT will have up to date condition surveys.
- 4.13 In terms of Governance, the CAT programme has an established Steering group with representation from key internal departments such as Finance, Parks, Communities, Legal, and Property with the Head of Neighbourhoods acting as the Senior Responsible Officer. The group currently meet on a 4/6 weekly basis during the implementation stage, where a monthly update and risk register is reported to Senior Officers. Applications for CAT are considered at Corporate Property Group and Strong Communities Connecting Services Boards.
- 4.14 During the implementation stage a number of visits and contacts have been made with neighbouring local authorities to understand how CAT has been adopted in other areas. A visit was held on the 16 June with the Cabinet Member for Communities and Resources to Blaenau Gwent (one of the local authorities held as best practice) to speak with the Corporate Director and Property Managers implementing CAT. Additionally, a study visit to a boxing gym in Neath Port Talbot which was attended by 5 clubs was organised to share best practice and develop their networks. Contact has also been made with Welsh Governments Asset Transfer team and a meeting is anticipated shortly. The transfer of Carnegie House in Bridgend to Bridgend Town Council is already highlighted in the Welsh Government's CAT guidance as a core study demonstrating good practice.
- 4.15 **Risks, issues and mitigation measures:** the types of issues and risks we have to manage or be mindful of are:
- Lack of engagement from the community sector to take on assets.
 - Clubs going into dissolution, or return the keys, and the asset is in a worse state of repair.
 - Limited staff resource to deliver a comprehensive and wide programme of work. The risk of not frontloading the service at early stages to manage the risk.
 - Business cases not sustainable – already 2 business cases have been withdrawn due to financial viability and we sense this is likely to happen more frequently as groups go through the financial and business planning phase.
 - Lack of skills and capacity within the sector to develop financial and business plans as well as manage the asset.
 - Risk that groups do not comply with statutory requirements and put users at risk.

- Groups don't have money to match fund refurbishment, or their fundraising plans are long term and can hinder CAT progress.
- State aid implications.
- Asset becomes non inclusive and doesn't benefit the wider community.
- Fragmented disposal of assets could make a strategic approach to future rationalisation of service more difficult and in turn more expensive and restrictive.
- Limited economic benefit due to the geographical area and user group for facilities which could therefore impact on sustainability.
- Reliance on one champion/leader and volunteer base- risk of burn out and non-delegation.
- Proposed use for the asset transfer is not in line with strategic direction of the Council.
- Insufficient corporate resources to deal with a high volume of CAT applications.
- Confusion over roles between the community organisation and the Council.
- Restrictive organisational culture where assets have always been within public ownership by public bodies, and a culture shift in facilitating a transformational programme at this scale.

4.16 At the time of drafting this report the most significant risk, for which mitigating measures are being developed, is the risk of making the process too onerous and burdensome for groups, who should be noted are managed by voluntary committees. It is appreciated that there needs to be a level of robustness and scrutiny undertaken at due diligence stage, but this needs to be balanced with a culture internally which appreciates measured risk which is weighed up by potential social benefit.

4.17 However, where there is capacity within groups then there are already signs that CAT is a positive and sustainable way forward. Two examples where the skills and drive of groups is evident are Bryncethin RFC and Caerau FC who have shown strong interest and commitment in transferring their respective pavilions, and in Caerau's case the pitch also, in order to upgrade the asset and therefore have a better community facility.

4.18 CAT is an option being considered by numerous other councils in Wales in light of financial pressures and one of the first to establish a CAT approach was Blaenau Gwent CBC. Officers from that authority have kindly shared their experiences so that good practice can be replicated and approaches that do not work can be avoided. Blaenau Gwent confirmed that CAT can be very rewarding, bring numerous benefits, and mitigate against financial cuts. However, they also acknowledge that the process can take a long time and therefore could report that only 4 CATs had successfully taken place in Blaenau Gwent at this stage, although many more are underway which reflects the complexities which arise from both local authority and community groups perspectives.

5. Effect upon Policy Framework & Procedure Rules

5.1 There is no effect upon the Policy Framework and Procedure Rules.

6. Equality Impact Assessment

6.1 None required for an information report.

7. Financial Implications

7.1 There are a variety of funding sources available to support the CAT process as outlined in the report.

7.2 There is a £1 million allocation in the Council's Capital Programme for Parks/Pavilions. No allocations from this funding have been approved as yet. Criteria for allocating the grant funding to groups has yet to be determined but will need to adhere the Council's Grants Policy (2016) and will need to include

- Robustness of business and financial plans
- Leverage for other funding
- Current and potential asset usage

7.3 £200,000 has been ring-fenced to employ a designated officer for CAT and to cover additional legal and property support if necessary. The CAT officer came into post November 2015.

7.4 There is an allocation of £100,000 annually until 2018-19 (and £50,000 thereafter) for capital works for Town and Community Councils exploring CAT.

8. Recommendation

8.1 It is recommended that the Scrutiny Committee note the progress that has been made over the last 8 months since the Community Asset Transfer programme has been accelerated since November 2015.

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Background Documents

- Asset Management Plan 2021
- Copy of the Community Asset Transfer Officer Assessment matrix
- Wales Cooperative Centre Report - Review of sustainable Venues and Assets in Bridgend County Borough (Commissioned by Rural Development Programme)
- Cabinet Report – 14th July 2015
- CAT Update report - Comprehensive version with all interested parties included – up to date as of 6th July 2016
- CAT Risk Register
- Grants Policy (March 2016)
- Cabinet report – Refurbishment and management of sports pavilions – 4TH February 2014
- Council report – 7th October 2015- Increase of Town and Community Council capital funds from £50k to £100k