



Bitesize...  
information  
matters

## Community Asset Transfer

### What is an asset of community value?

An asset of community value is one that currently / has recently been used primarily to contribute to the social wellbeing or social interests of the community. Social interests are defined as cultural, recreational and sporting interests. Assets of community value therefore may include; town halls, sports facilities, libraries and more.

### What is Community Asset Transfer?

Community assets managed or owned by public bodies such as a local authority may be passed to communities i.e. within the Voluntary Community Social Enterprise (VCSE) sector in either ownership or management.

The most common form of asset transfer is in the form of a lease. It is usually the case that a VCSE will need to amend the premises slightly or invest capital for start-up costs. This will require funding; as such a lease will need to be secured for time long enough to allow the secure of external funding in the form of a grant or loan. In such cases the lease would preferably therefor last for at least 25 years.

Rotherham Metropolitan Borough Council currently operate an Asset Transfer Policy to the Third Sector, which includes Voluntary Organisations, Community Groups, Charities Co-operatives and other not for profit organisations. For more information please write to the Land & Property Team Manager, Land & Property Team, Riverside, House, Main Street, Rotherham, S60 1AE or alternatively email your enquiry to: [landandpropertyenquiries@rotherham.gov.uk](mailto:landandpropertyenquiries@rotherham.gov.uk)

### Qualifying criteria for the applicant

Asset transfer applications may only come from the VCSE, where appropriate constitution is in place. These should include a full project/business plan.

- The project must not be profit making. The only exception would be if those funds are all put back into the community benefit.
- Governance must be in place. There must be demonstration of accountable and co-operative purposes. Financial management, monitoring and evaluation should be in place with evidence upon request.
- Community objectives must be well defined and evidence that there is capacity and skill to fulfil those aims.
- Experience or managing a property is vital along with compliance to relevant health and safety laws.
- Must allow community engagement and cohesion
- Sustainability is a factor, does the project find the intended space to be a suitable capacity and not excessive. Also, evidence will be needed to show how the project would address possible need to capacity build.

Parish and town councils may be considered to apply. Also, applications may be considered where the above criteria are partially covered subject to the implementation of necessary safeguards within agreement under the Basis of Transfer.

### The asset

There are eligibilities and exclusions to consider about the asset.

- Core purpose and corporate outcomes of the Council must be upheld by the asset and applicant
- An asset not currently required for direct service delivery will be considered for transfer. Should the applicant be able to deliver the same service from the asset in question, then this asset should not be precluded from an asset transfer.

## Exclusions of assets include:

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- Capital receipt and revenue income purposes
- Assets with a market or development value greater than the value of existing use value would be transferred to the Capital Receipts Program accordingly.
- Assets not fit for purpose or impose too greater liability or risk
- An asset deemed to be for delivering a Corporate Priority service only administrable by the council may not be transferred.

## Basis of asset transfer will delve into the following areas:

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- Asset transfer is made by a lease/licence.
- Period of the agreement may be 1-125 years.
- Lease Rent/Licence Fee will be £1 per annum.
- All agreements will be contracted out of Part 2 of the 1954 Landlord and Tenant Act.
- Applicants are liable to implement and fund insurance requirements.
- Applicants must hold public liability insurance for a sum of no less than £5 million.
- Applicants are liable for repair and maintenance of the asset.
- Applicants must adhere to the lease covenant.
- If covenant breaks, the project ends or lease holder wishes to terminate the asset will transfer back to the council with no compensation of costs incurred.
- All agreements will contain a Break Option in favour of the Council, in the unlikely but possible event that the asset transferred by lease or licence is required for wider community development directly (the asset or surrounding site itself) or indirectly (for the benefit of a capital receipt). If the Break Option is operated the Council will have to consider compensating the applicant in order to repay grants to third parties and any capital expenditure incurred. It will also make every effort to provide an alternative asset if appropriate.

## Costs

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All costs including the legal fees and preparation of the council must be paid in full by the applicant.

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## What is Community Right to Bid?

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Community organisations who have identified an asset that they feel is of community value may nominate the asset to be an item listed as available for right to bid. The local council will then decide if the asset is agreed to be an asset of community value.

The Rotherham Metropolitan Borough Council hold a list of assets that have been agreed for right to bid, accessible on the RMBC website. This means that if the property owner decides to sell the property in the future, the community organisation will have the right to buy the asset on the open market. Assets will remain on the list for five years and then will be removed. Previous nominated assets may be nominated again.

Terms and conditions apply – for further information contact:

Land & Property Team Manager, Land & Property Team, Riverside House, Main Street, Rotherham, S60 1AE or alternatively email [landandpropertyenquiries@rotherham.gov.uk](mailto:landandpropertyenquiries@rotherham.gov.uk)

## Useful contact information

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Register of assets of community value: <https://www.rotherham.gov.uk/directory/30/assets-of-community-value>

Borough, parish and town councils joint working agreement: <https://www.rotherham.gov.uk/downloads/file/952/joint-working-agreement>

Contact: Elizabeth Hollingworth, RMBC, tel: 01709254041, email: [elizabeth.hollingworth@rotherham.gov.uk](mailto:elizabeth.hollingworth@rotherham.gov.uk)

