

SUMMARY

September 2010

Pillars of the community:
The transfer of local
authority heritage assets



Introduction

The Government is encouraging community-based organisations and volunteers to play an increasing role in improving their local areas, as part of their vision for the 'Big Society'. One aspect of this is the transfer of land and buildings from local authorities to community-based organisations. Some of these transfers involve heritage assets – historic buildings, monuments, places or landscapes which are historically significant and are valued by the community. Transferring ownership and responsibility for these assets can give rise to all sorts of legal, financial, technical and regulatory issues. Once the transfer has been completed, it is vital that the community can sustain the asset in the long term.

English Heritage and a number of other organisations in the heritage sector have joined forces with the Asset Transfer Unit (based in the Development Trusts Association) to pool their experience. This document is a summary of the new web-based guidance note that they have endorsed. It is intended both for local authorities and community organisations. It will also be relevant to transfers from central government and other public sector bodies.

Local authorities play a critical role by providing opportunities for local groups to get involved and supporting them through the transfer process. Before taking on the management of a heritage asset, community groups need to understand what responsibilities are involved, based on a realistic assessment of the costs and risks. There are many different sources of advice, support and funding. This new guidance provides directions to these, backed up with detailed advice, checklists and case studies.

Why transfer heritage assets?

Transferring ownership of a heritage asset from a local authority to a community-based organisation can bring a number of benefits, such as securing a local service or amenity that is under threat and providing a base for community services. Keeping these assets in use will help to ensure that they are passed on in good condition to future generations. The transfer process can encourage local people to get involved in the management of historic places, as well as enjoying them. Successful transfers can also help to achieve the regeneration of a neighbourhood, community development, and potential efficiency savings for the public sector.

The Quirk Review (Making Assets Work, 2007) set out the potential benefits for community groups in acquiring property from the public sector, and local authorities in particular. Through the Development Trusts Association's Asset Transfer Unit, central government is encouraging local authorities and community groups to put this into practice.

This summary sets out the process in nine steps, aimed at resolving a series of questions. These are considered in more detail in the full guidance (this will be available via links to the English Heritage and other stakeholders' websites).

1. Taking stock

How do you know when transfer is an option? Local authorities own a wide range of heritage assets including town halls, schools, libraries, museums, leisure facilities, housing, public parks and cemeteries. Local authorities can use their Asset Management Plan in a pro-active way to identify any vacant or under-used heritage assets which are suitable for sale or transfer to the community. By taking prompt action to secure appropriate new ownership, local authorities can help to prevent heritage assets becoming vulnerable and at risk of neglect. The local authority's conservation officer may be able to identify priorities and suggest new uses for buildings that are empty or otherwise at risk. Before decisions are made, it is essential to understand what is historically significant about the asset. It can help to articulate the 'heritage values' in a statement of significance or a conservation statement.

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2. Formulating strategies for transfer

How do you set up a process for local authorities to work with community groups on asset transfer? Because transferring ownership takes time and resources, it helps if the local authority has a strategy and clear procedures in place. Some councils have drawn up policies (with support from the Asset Transfer Unit) to make the process more understandable for community groups, and to promote the opportunities. Some are using checklists with a scoring system, with methods for assessing a viable business case and for building capacity.

3. Assessing options for use

How do you find appropriate as well as viable uses? Community ownership can help generate imaginative as well as suitable new uses for heritage assets (the full guidance reviews the range of possibilities). Once the significance of the asset is understood, and interest established, options for re-use can be properly assessed. Discussions with interested parties, both from the local authority and the community, can help to establish a consensus on the way forward. A feasibility study or options appraisal can estimate the likely demand for alternative uses and the associated costs. It should also help in establishing the level of grants or loans needed to make the project financially viable. A complex project will often proceed in stages. Interim or 'meanwhile' uses may help in keeping the building secure as well as producing immediate community benefit.

4. Developing support for the project

How do you pick the right team to develop and manage a particular heritage asset? In many cases, the local community group will need to manage the project itself. The choice of professional advisers and, where appropriate, a developer partner, will be critical to the success of any development, and should be influenced by the nature of the asset and its location. The project team will need access to specialist conservation expertise. Alternatively, a building preservation trust or development trust may acquire the asset and manage the project, in partnership with a local group, a commercial developer or a housing association, especially where challenging properties are involved.

'Good relations between the community group and the local authority, both at officer level and with councillors, are one of the keys to success.'

5. Addressing the risks

How can the sustainability of an asset transfer be ensured? All change involves risks, including fluctuations in revenue, unexpected development costs, uncertainties related to funding and variations in operational outgoings. It is essential to have a realistic estimate of the demand for appropriate uses, as well as the related costs of repair, refurbishment or conversion. There will also be uncertainties related to obtaining any permissions or consents that may be required, and in raising finance from the various possible sources. The ongoing costs of operation need to be factored in, including management and maintenance costs. The local authority may need to undertake basic renovation or enabling works, before the asset is transferred, to limit the risk to the community; this can also reduce the liability to pay VAT.

6. Agreeing terms

How can the right price and conditions be agreed? The terms of transfer need to strike a balance between the financial interests of the local authority and securing social, economic or cultural benefits for the community. Heritage assets have to be developed and managed with extra care, and involve substantial ongoing responsibilities. The terms of any transfer will affect what finance can be raised, and various forms of development partnership are possible. While local authorities are required to seek 'best value' this does not necessarily mean accepting the highest offer. Councils are allowed to sell at less than market value, provided that the transfer will help the 'wellbeing' of the area. Both parties to the transfer should have access to an independent valuation of the asset, before reaching agreement. The District Valuer can advise the local authority on what the property is worth as it stands.

7. Building an effective organisation

How can the community organisation develop and maintain the necessary skills, experience and enthusiasm? Communities often come together to defend services or heritage assets that are threatened with closure, or where access is being limited. Where they take on responsibility for an asset, it is vital that they work with the local authority towards clearly defined objectives. The project partners should agree to the overall goals at the start and put them in writing in a way that allows for flexibility as the project develops. The community organisation will need to develop its capacity for managing the asset, whether by acquiring the necessary skills itself, obtaining professional advice or securing the support of another organisation. Details of organisations that can provide support or advice are provided in the full guidance. It also helps to visit projects where something similar has already been successfully achieved.

8. Raising finance

How can the funds for acquisition, repair, refurbishment and conversion be raised? Besides loans from commercial banks, there are many sources of funding, including government grant schemes, lottery funds, private donors, charitable trusts and foundations. Early contact with potential funders is essential, as they are likely to have different criteria and conditions, and it is important to understand what these are at the outset. Time will be required to put funding bids together, which is why an agreed and realistic timetable is crucial. Where a leasehold interest is being transferred, its length will affect what finance can be raised. A staged transfer of ownership may be appropriate, according to the capacity and resources of the community organisation. The local authority may wish to retain an interest or some form of 'asset lock'. A flexible approach on uses is often required, as what is viable will change over time, and it is often necessary to let space to a multiplicity of groups, perhaps with the local authority leasing back part of the asset for its own use.

9. Maintaining long-term viability

How can the long-term care and accessibility of the heritage asset be assured? Community organisations need robust and realistic business plans to ensure that the costs involved in managing and maintaining a heritage asset are considered from the outset, as well as the sources of revenue or funding. The cost of keeping the asset in good repair, based on periodic inspections and reports by a specialist conservation professional, should be taken into account, as well as the costs of complying with planning, building, safety and environmental regulations. Care needs to be taken to avoid depending too much on a single source of revenue or funding. Local authorities need to ensure there is sufficient flexibility for uses to change over time without sacrificing the original objectives.

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This is a summary of the full guidance document that includes checklists, a glossary, a bibliography, and information on sources of advice. It will be available as a downloadable pdf on the English Heritage website. It is based on a draft by URBED www.urbed.co.uk and has been brought to publication by English Heritage www.english-heritage.org.uk in consultation with a stakeholder group including representatives of the Asset Transfer Unit www.atu.org.uk (based in the Development Trusts Association www.dta.org.uk), the Architectural Heritage Fund www.ahfund.org.uk, the Heritage Lottery Fund www.hlf.org.uk, the Prince's Regeneration Trust www.princesregeneration.org and the National Trust www.nationaltrust.org.uk

The Asset Transfer Unit is delivered by the Development Trusts Association in association with Community Matters and the Local Government Association and funded by Communities and Local Government.

Cover image: Keighley Central Hall. The City of Bradford Metropolitan District Council is renovating this former methodist chapel before transferring it on a 99-year lease to Keighley & Ilkley Voluntary & Community Action. © English Heritage. NMR