

Section 151 Finance cleared on:	05/02/25
Legal cleared on:	05/02/25
HR Cleared on:	03/02/26
Executive Director cleared on:	06/02/25
Cabinet Member cleared on:	06/02/25

SURREY COUNTY COUNCIL

RESOURCES & PERFORMANCE SELECT COMMITTEE

DATE: 5 MARCH 2026



REPORT OF CABINET MEMBER: NATALIE BRAMHALL, CABINET MEMBER FOR PROPERTY, WASTE AND INFRASTRUCTURE

LEAD OFFICER: ANDY BROWN, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF RESOURCES AND S.151 OFFICER

SUBJECT: COMMUNITY ASSET TRANSFER POLICY

ORGANISATION STRATEGY PRIORITY AREA: No One Left Behind / Growing A Sustainable Economy So Everyone Can Benefit / Tackling Health Inequality / Enabling A Greener Future / Empowered and Thriving Communities / High Performing Council

Purpose of the Report:

This report seeks support for the introduction of a Community Asset Transfer Policy (CAT) providing a clear and consistent framework for the transfer of Council assets to community organisations where demonstrable public benefit can be achieved. The creation of this policy follows the approval of a motion to Council on the 18 March 2025.

This report sets out the key objectives, scope and high-level principles on which the Policy will be developed, for approval by this Committee ahead of the Final Policy being taken to Cabinet for approval in April 2026.

The policy will align with legislation, the Council's strategic objectives and best practice adopted across Local Government.

Recommendations:

It is recommended that Resources and Performance Select Committee:

1. Supports the introduction of the Community Asset Transfer Policy.
2. Supports the application of a consistent framework for transfers at less than market value where public benefit can be demonstrated.

3. Notes the next steps and timeline for Cabinet approval and passes on any recommendations ahead of Cabinet for consideration.

Reason for Recommendations:

- Adoption of a formal CAT Policy provides clarity for community organisations and officers, ensures compliance with statutory requirements including section 123 of the Local Government Act 1972 and the General Disposal Consent (England) 2003, and enables the Council to maximise social value from its assets while managing financial, legal and reputational risks.
- The proposed CAT policy can deliver tangible community, economic, and environmental benefits, while helping Councils to maximise local value and provide community organisations with opportunities to reimagine, repurpose and reinvigorate local assets. CAT policies can bring creativity, innovation, and new community led models of service delivery and empower residents to build resilience and unlock long-term local value.
- Other outcomes include volunteering opportunities, economic regeneration, increased social inclusion and improved environmental stewardship.

Executive Summary:

1. The purpose of the CAT Policy is to establish a transparent, proportionate and legally compliant approach to the transfer of Council assets, where this can deliver social, economic or environmental benefit. The policy will support community empowerment, while ensuring appropriate governance, financial due diligence and long-term stewardship of public assets.

Policy Objectives

2. The CAT policy aims to achieve the following range of strategic, community focused, financial, and organisational objectives:
 - Empower Communities by enabling local organisations to take ownership or stewardship of valued local buildings and land, supporting strong, inclusive and resilient communities.
 - Deliver Social, Economic & Environmental Value aligned to the Council's Community Vision for Surrey 2030 and the Organisation Strategy 2023 to 2028.
 - Promote Sustainable Community-Led Service Delivery that complement or enhance council provision.
 - Maximise the Value and Use of Public Assets.

- Ensure Transparency, Consistency & Good Governance
- Protect the Council's financial and legal position

Principles of Asset Transfer

3. CAT proposals will be assessed against the following principles:

- **Alignment & fiduciary duty**
Community use must align with the Council's objectives and standards. The Council has a fiduciary duty to ensure a clear and compelling case for any transfer and reserves the right not to dispose/transfer assets if the principles are not met.
- **Inclusivity & nonpolitical activity**
Community use must be inclusive (e.g. youth provision for all young people regardless of faith, gender, etc.) and nonpolitical.
- **Robust case & long-term capability and financial sustainability**
Applicants must evidence a clear rationale, a robust business case, that they are financially secure and have the capability to manage the asset effectively over the long term.
- **Financial prudence / value**
Transfers will be cost neutral or generate income for the Council, evidenced by a business case assessed on a case-by-case basis.
- **Responsibility for the asset**
The assumption is that groups accept legal and management responsibilities for the asset and can evidence the ability to keep the asset maintained over its life.
- **Rent and community benefit balance**
Lease rents may range from peppercorn to full market rent, with the assessment balancing financial and community benefit and clearly documented for the Cabinet Member decision.
- **Condition & obligations**
Default position is transfer on an "as is" basis and Fully Repairing and Insuring (FRI), including all statutory and legal obligations.
- **Shared use limitations**
Groups may share accommodation with third parties delivering community services but may not create subtenancies or assign the lease.

- **Council retained access (where needed)**
The Council may retain rights to use the space for a proportion of time to deliver services, acting reasonably to protect community viability and paying for its use where agreed.
- **Minimum utilisation & reporting**
The community group should ensure a minimum number of hours' usage and provide annual accounts to monitor financial and operational sustainability.

Assets Available for Transfer

4. Assets considered for transfer will typically be those with community value, especially where they are underused or no longer required for service delivery.

Assets out of scope

5. Assets will normally be excluded where they are required for service delivery, form part of approved capital receipt programmes, are strategically important, are held in trust without trustee consent to dispose/transfer, or where transfer would breach statutory or contractual obligations including Subsidy Control legislation.

Transfer Options

6. The policy will state that the transfer of an asset will be by way of a lease, with disposals of a freehold interest only being considered in exceptional circumstances.
7. This policy will not preclude the Council still having the ability to grant short-term leases to community groups either at market rent or under prescribed conditions, at less than best consideration. Such lettings are dealt with separately in accordance with officer delegations set out in the Constitution or by way of an Executive decision. The appropriate option will depend on asset condition, strategic importance, risk, and the capacity and ongoing sustainability of the community organisation.

Application and Decision-Making Process

8. The Council will operate a staged application process including Expression of Interest (EOI), initial assessment, business case development, due diligence, formal decision-making and legal completion. Decisions will ensure transparency, consistency, and fairness in line with national good practice and local policy frameworks.

9. Steps and mechanisms the Council and applicants will follow, include:

- **Expression of Interest (EOI)**
Organisations can initiate enquiries on assets via an EOI form.
- **Decision reporting on rent**
Where the transfer is via a lease, the rent assessment (peppercorn to market, balancing financial and community benefit) will be set out in the report to the Cabinet Member seeking approval.
- **Transfer basis and obligations documented**
Legal documentation will reflect the default “as is” and FRI position, including statutory and legal obligations.
- **Occupation structure controls**
Agreements will specify permitted sharing arrangements, prohibit subletting and assignment, and define any Council reserved use.
- **Performance monitoring**
The group will report annually (including accounts) and meet minimum usage requirements to evidence ongoing sustainability.

10. Decisions on CATs will be taken in accordance with the Council’s Constitution and Scheme of Delegation. Officer assessments will inform recommendations, with Cabinet approval required for transfers above delegated thresholds or in relation to assets of strategic significance.

Decision Notice

11. The Council will issue a written Decision Notice outlining:

- the outcome.
- agreed heads of terms.
- conditions (including asset lock, monitoring requirements, clawback if applicable).

Consultation:

12. A paper was taken to CLT on 9 September 2025 and ICAB on 30 September 2025.

Risk Management and Implications:

13. Common risks and mitigations include:

RISK	MITIGATION
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Operational and financial risks to community organisations.	<ul style="list-style-type: none"> • Policy will ensure the receiving organisation has the governance, financial planning and skills needed to operate the asset sustainably
Community groups may struggle with long-term costs, maintenance, governance capacity or business model viability.	<ul style="list-style-type: none"> • Early engagement and partnership working. • Due diligence to ensure liability protection and long-term stewardship of the asset. • Transfers should demonstrate clear social, economic or environmental outcomes over time, not just dispose of asset liabilities.
Risks to councils if due diligence is weak.	<ul style="list-style-type: none"> • Policy will include local government and best practice guidance.
Without a clear policy, councils may face inconsistent decisions, reputational risk, lack of transparency, or ineffective transfers.	<ul style="list-style-type: none"> • Consistent monitoring and review. • Use legally binding mechanisms i.e. assets are permanently protected for community benefit.
Asset degradation if the transfer fails.	<ul style="list-style-type: none"> • Strong collaboration early to refine proposals and build relationships that support long-term success.
If a community body collapses, assets could become underused or return to council control in worse condition.	<ul style="list-style-type: none"> • The policy will include mechanisms to review performance and maintain accountability if leasehold.
Legal and compliance risks.	<ul style="list-style-type: none"> • Policy will outline criteria, processes, timelines and expectations to ensure consistency.
Transfers at “less than best consideration” require additional legal justification and governance linked to social, economic, or environmental benefit. Poor documentation can expose councils to challenge. Dependent on value may also require further approvals such as Secretary of State consent.	<ul style="list-style-type: none"> • Clear, transparent decision-making framework. • Robust assessment of organisational capacity.
Community group not making adequate use of the facilities	Group should ensure a minimum number of hours’ usage and provide annual accounts to monitor financial and operational sustainability.

Financial and Value for Money Implications:

14. CAT may involve disposal at less than best consideration. Each proposal will be considered on a case-by-case basis and will be supported by a business case, demonstrating community benefits justify any financial impact, taking into account avoided costs, reduced liabilities, and wider social value.

Section 151 Officer Commentary:

15. Surrey County Council, like all local authorities, continues to operate in a very challenging financial environment, with significant budgetary pressures and limited financial resources. Despite coming from a position of strong financial resilience, the Council is not immune to the impact of increasing demand and costs of service delivery. The Council has a duty to ensure its expenditure does not exceed the resources available and therefore it is vital that we continue to place significant importance on financial management, the delivery of efficiencies and reducing spending, to protect service delivery and achieve a balanced budget position each year.
16. The Council also needs to consider the medium-term financial outlook, beyond 2025/26. Fair Funding Reforms will result in decreasing Government financial support for this Council and a stronger reliance on Council Tax as our primary source of income. Financial resources will therefore continue to be constrained. This, coupled with the impact of Local Government Reorganisation, places an onus on the Council to continue to consider issues of medium-term financial sustainability as a priority, in order to ensure the stable provision of services both for the remaining term of Surrey County Council and that of future unitary authorities into the medium term.
17. It is recognised that the transfer of assets to Voluntary and Community Organisations may be at a less than market value achievable for the assets. As such, it is important that each transfer, and the associated financial implications, are considered on a case-by-case basis and reported transparently, to ensure all relevant costs are considered and the community benefit assessed transparently against any reduced capital receipt achievable,

Legal Implications – Monitoring Officer:

18. The Council has the power to make CAT by virtue of Section 123 of the Local Government Act 1972 and the General Disposal Consent (England) 2003.
19. The introduction of a CAT policy will enable a clear consistent framework for CAT with appropriate governance. The recommendations are to support a policy with the principles of this policy as outlined in the report with the decision to adopt the final policy being a cabinet decision.

Workforce Implications – Director of People and Change:

20. There are no workforce implications arising directly from this report.

Equalities and Diversity:

21. Discussions are taking place on the creation of a full Equality Impact Assessment report, and this will be included in the April 2026 Cabinet paper. Initial completion of an EIA screening tool is being completed.

Our Purpose – Corporate Priorities:

22. The proposal will contribute to the following Corporate Priorities:

Corporate Priority:	Direct Implications:
Growing a sustainable economy so everyone can benefit	CAT has the potential to empower communities, particularly those experiencing social or economic disadvantage. This is consistent with national guidance promoting inclusion and partnership working (Locality guidance).
Tackling health inequality	See above
Enabling a greener future	Supports depending upon the scheme
Empowering and thriving communities	CAT has the potential to empower communities, particularly those experiencing social or economic disadvantage. This is consistent with national guidance promoting inclusion and partnership working (Locality guidance).

Vulnerable Children and Adults - Implications:

23. The potential implications for Vulnerable Children and Adults have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No direct implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	No direct implications arising from this report

What Happens Next:

24. Report to be taken to Cabinet in April 2026.

Report Author: Diane Wilding, Director, Land & Property

Consulted:

Natalie Bramhall, Cabinet Member, Property, Waste and Infrastructure

Andy Brown, Deputy Chief Executive, Executive Director of Resources and 151 Officer

Diane Wilding, Director, Land and Property

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