

Community Asset Transfer (CAT) Policy

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Contents

1. Policy Statement	3
2. Policy Objectives	3
3. Policy Scope	3
4. Roles and Responsibilities	4
5. Key Principles	4
6. Community Asset Transfer.....	5
7. Documents Associated with this Policy	10
8. Related Policies	10
9. Glossary	10
Appendix A — Expression of Interest (EOI) Template	12
Appendix B — Full CAT Application & Business Plan (Headings)	13
Appendix C — Supplemental Model Heads of Terms (Indicative)	14
Appendix D — Detailed Scoring Matrix (Illustrative Weights)	15

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1. Policy Statement

Community Asset Transfer (CAT) enables Surrey County Council (SCC) to transfer land and buildings into the stewardship of eligible, not-for-profit community organisations where demonstrable and measurable social, economic, and environmental benefits will be delivered. CAT supports Surrey's Corporate Plan, strengthens community resilience, encourages local stewardship of valued public assets, and enables sustainable service delivery.

2. Policy Objectives

SCC's CAT Policy enables the transfer of land and buildings to community focused organisations where this will strengthen community resilience, protect valued local places, enhance wellbeing, and unlock social, economic and environmental benefit for Surrey residents.

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

SCC's objectives are to:

- **Protect and enhance community facilities** by enabling community stewardship where appropriate.
- **Improve outcomes** (health, inclusion, skills, youth opportunities, active lifestyles, culture) through locally led use of assets.
- **Maximise social value** from the public estate and reduce revenue pressure where community management is more effective.
- **Strengthen civil society** by supporting capable organisations to develop sustainable operating models.
- **Align the estate with SCC strategies**, including climate resilience and Net Zeron ambitions.

3. Policy Scope

Scope

This policy applies to the *transfer of management or ownership* of **SCC owned** land and buildings to eligible organisations for community benefit, including where SCC partners with District/Borough councils or other public bodies as freeholders/long leaseholders. Assets may be considered for transfer where:

- They are surplus to Council operational requirements.
- They can deliver measurable support to community objectives/benefits. Applicants will be expected to demonstrate how the proposed use of the asset will deliver measurable community benefits. At policy level, these benefits may include (but are not limited to) improved community wellbeing, increased participation, economic and skills development, environmental improvements, and enhanced local services. Specific measures and evidence requirements will be agreed during the application and business case stage, proportionate to the scale and nature of the asset.

- They have been identified through asset review or community expression of interest.

Out of scope

- Assets required for statutory or strategic operational service delivery.
- Asset identified to generate capital receipts or drive revenue savings.
- Assets where grant-funding restrictions prevent disposal or change of use.
- School premises governed by education legislation.
- Highways operational land, core service critical assets, or assets subject to overriding statutory constraints.
- Asset that cannot comply with Minimum Energy Efficiency Standards (MEES) or require a level of remedial work making the transfer uneconomically viable.
- The transfer would breach legal or subsidy control regulations.
- The proposed use is commercial, political, or discriminatory.
- The proposed use would conflict with adjacent operational land.
- The condition renders transfer impractical E.g. uneconomical

4. Roles and Responsibilities

The roles, responsibilities and governance are as follows:

- **Director of Land & Property:** Policy owner and budget holder; ensures property governance and asset strategy alignment.
- **Director of Community & Partnerships:** Provides strategic oversight of the partnership, ensuring that the service contributes to the Council's wider aims relating to social value, inclusion, community resilience and cross sector collaboration. The Director leads on the social value and partnership elements of the arrangement, ensuring that community outcomes are maximised, risks are managed, and the service continues to operate within agreed governance, financial and quality frameworks.
- Provides strategic oversight of CATs, including periodic review of whether the anticipated community benefits are being delivered. Operational monitoring and evidence gathering will be undertaken by relevant Service teams, with outcomes reported through established performance and governance processes
- **CAT Panel:** Multidisciplinary evaluation and recommendation panel will oversee assessments, ensure consistency and make recommendations.
- **Legal Services:** Contracting; compliance and subsidy considerations.
- **Finance:** Assess the business case alongside the Director of Land & Property as budget holder, to assess financial implications of the proposal.
- **Local Members & Stakeholders:** Engagement and local insight (non-decision making).
- **Applicant:** Delivery of agreed outcomes; compliance with contract; transparent reporting.

5. Key Principles

SCC will apply the following principles to all CAT activity:

1. **Community Benefit First:** Transfers must deliver measurable and enduring outcomes for Surrey communities.
2. **Transparency and Fairness:** Clear criteria, consistent processes, and published decisions where appropriate.
3. **Probity and Value:** Proportionate due diligence and value assessment to protect the public interest. Transfers will be cost neutral or generate income for the Council, evidenced by a business case assessed on a case-by-case basis.
4. **Proportionality:** Requirements scaled to the size, risk and term of the transfer.
5. **Long-term Sustainability:** Preference for viable business models and strong governance.
6. **Coproduction:** Early engagement with applicants; constructive problem solving to enable success.
7. **Net-Zero and Nature Positive:** Asset use and investment should support SCC climate and biodiversity plans.
8. **Inclusion and Accessibility:** Assets should be welcoming, inclusive and meet equality duties.

6. Community Asset Transfer (CAT)

6.1 Eligible Organisations and Eligibility Criteria

Eligible legal forms (examples)

- Charitable Incorporated Organisation (CIO)
- Registered Charity (with an incorporated form for leases/freehold)
- Company Limited by Guarantee (not-for-profit; with asset lock provisions)
- Community Benefit Society
- Community Interest Company (CIC) limited by guarantee (with asset lock)

Core eligibility (must-have)

- **Operate for community benefit** with clear charitable and social objectives and reinvest surpluses (no profit distribution to private individuals).
- **Good governance:** competent board/committee, democratic accountability to a defined community, relevant policies (H&S, safeguarding, finance).
- **Financial stability** with realistic 5-year forecasts and prudent reserves planning and evidence their ability to manage the asset sustainably. Proposals must show that the organisation can meet ongoing operating costs without creating future financial risk to the Council.
- **Evidence based business plan** and risk management framework
- **Demonstrable community support** through consultation, partnerships and need analysis.
- **Asset lock provisions** (or equivalent) to safeguard public value, especially for freehold or long lease.

Additional expectations (scaled to risk/term)

- Relevant skills mix (property, finance, compliance, volunteering).
- Partnership approach with other local organisations and funders.
- Insurance, compliance capacity (statutory testing, H&S, fire, accessibility).
- Equality, environmental and safeguarding commitments.

6.2 Assets in Scope

Assets are considered for CAT when not needed for core service delivery or where community management adds clear value. Constraints (title, planning, easements, grant conditions) will be disclosed where known.

6.3 Transfer Options

SCC offers a **spectrum of transfer mechanisms**:

- **Management Agreement** – delivery and day to day operation without a property interest; used for low risk or time limited pilots.
- **Leasehold Transfer (most common)** – typically over **10 years** (longer where required to unlock capital investment); includes repair, compliance and reporting duties.
- **Freehold Transfer** – considered where the asset is not strategically required, strong asset lock safeguards are in place, and the community case is compelling.

6.4 Decision Process (End-to-end)

Stage 1: Asset Identification & Screening

- SCC receives community enquiry.
- Desktop screening: strategic need, legal constraints, building condition, compliance and liabilities.

Stage 2: Expression of Interest (EOI)

- Community submits **EOI** (Appendix A).
- SCC checks eligibility, alignment, indicative feasibility.
- **Initial engagement meeting** clarifies expectations and next steps.

Stage 3: Business Planning & Due Diligence

- Applicant develops **Business Plan** (Appendix B headings).
- SCC shares available information (condition, title, running costs).
- SCC conducts due diligence (governance, finance, capacity, risk).

Stage 4: Formal CAT Application

- Applicant submits full application with supporting documents.
- **Multidisciplinary panel** (Property, Legal, Finance, Community & Partnerships) undertakes detailed assessment against **Section 6.5**.

Stage 5: Decision

- Panel recommendation to delegated officer / Cabinet Member / Cabinet (per thresholds).
- **Decision Notice** issued (approve, approve with conditions, defer, decline), including **Heads of Terms** and **conditions**.

Stage 6: Legal Completion & Handover

- Legal documents drafted and completed (Appendix C templates).
- Handover and induction; compliance and reporting schedule confirmed.

Stage 7: Post Transfer Monitoring

- Annual reporting and review meetings (Section 6.9; Appendix E).
- Support, improvement plans, or contractual remedies where required.

6.5 Assessment Criteria & Scoring Framework

SCC will use a transparent, weighted scoring approach (see **Appendix D**). Core headings:

1. **Community Need & Engagement (20%)**
Strength of need analysis, inclusivity of engagement, community endorsement.
2. **Outcomes & Social Value (20%)**
Clarity, measurability and additionality of outcomes (health, inclusion, youth, culture, economy, environment).
3. **Governance & People (15%)**
Board competence, policies, safeguarding, volunteer strategy, succession plans.
4. **Financial Viability (20%)**
Realistic income/costs, sensitivity testing, reserves, funding pipeline, contingency.
5. **Asset Management & Compliance (15%)**
Maintenance plan, lifecycle costs, statutory compliance, insurance, access.
6. **Fit with SCC Strategy & Net-Zero (10%)**
Strategic alignment, equality and climate commitments, place partnerships.

A **minimum pass threshold** will apply to each section (e.g., 50%) and an overall pass mark (e.g., **65%**). SCC may **approve with conditions** (e.g., phased milestones, mentoring, or capped occupancy) where borderline scores can be mitigated.

6.6 Valuation, Subsidy and Social Value

SCC will balance **financial value** and **social value**:

- **Market valuation** (unrestricted) informs the “under-value” where applicable.
- **Subsidy control** (if relevant) and internal governance will be observed.
- SCC will document the **social value justification** for any discount, drawing on the outcomes in Section 6.5 and the applicant’s Business Plan.
- **Rent structures** may be **stepped** (e.g., peppercorn in early years, then reviewed) to reflect ramp up, risk and investment.

6.7 Risk Management and Mitigations

Key risks and typical mitigations (tailored per case):

- **Organisational fragility** → phased milestones; early years monitoring; escrow for critical works; trustee mentoring.
- **Asset condition risk** → condition survey; planned maintenance schedule; reserve policy; defined repair liabilities.
- **Revenue risk** → conservative forecasts; sensitivity testing; diversified income; break clauses.
- **Safeguarding/compliance** → mandatory policies; induction; compliance calendar; audit rights.
- **Strategic lock in** → lease use clauses; step-in/reversion rights for serious breach; periodic strategic reviews.
- **Reputational risk** → transparent decisions; clear outcomes and reporting; communications protocol.

Risk is rated **RAG** (red/amber/green) pre and post mitigation in the panel paper.

6.8 Legal, Property and Contracting Standards

- **Heads of Terms** will set permitted use, term, rent/premium, repairs (FRI/IRI), insurance, compliance, assignment/subletting controls, data sharing, reporting, step-in/reversion, and dispute resolution.
- **Asset lock** and **clawback** (for freehold/major subsidy) to protect public value.
- **Safeguarding**, H&S, fire, asbestos, water hygiene, electrical/gas safety, accessibility and data protection obligations apply.
- **Planning and building control** consents rest with the transferee.
- **Alterations** require SCC consent per lease/freehold conditions.
- **Subsidy control** tests (where applicable) will be documented.

6.9 Monitoring, Reporting and Intervention (Unitaries- post Local Government Reorganisation (LGR))

Monitoring

- **Annual Report** (narrative + KPIs + finance)
- **Annual Review Meeting** with officer(s).
- Light touch monitoring for low risk/licences; fuller for long leases.

KPIs (tailored per asset)

- Participation/footfall (by age, inclusion indicators).
- Outcomes (e.g., health & wellbeing scales, training/volunteering hours).
- Financial health (outturn vs plan; reserves).
- Asset condition/compliance status.
- Carbon/energy metrics (where relevant).

Intervention

- **Support plan** for emerging issues.
- **Improvement notices** with timebound actions.
- **Step-in/reversion** for persistent breach or serious risk (as per contract).

6.10 Support for Applicants (Capacity Building Offer)

SCC will, subject to resources, offer:

- **Pre-application surgeries** (eligibility, asset info, process).
- **Templates:** Business Plan headings, budget model, risk register.
- **Signposting** to infrastructure bodies and funders.
- **Peer mentoring** (where available) from experienced asset holding groups.
- **Mobilisation checklist** at completion (compliance calendar, supplier transitions, insurances).

6.11 Equality, Diversity & Inclusion; Climate & Nature Commitments

- Applicants must show inclusive engagement, equitable access, and how the asset will reduce barriers for underrepresented groups.
- Projects should support SCC climate plans, including energy efficiency, active travel access, biodiversity improvements (e.g., sustainable grounds maintenance), and responsible waste management.
- SCC encourages fabric improvements (subject to heritage/consents) and nature positive site management.

6.12 Data Protection and Information Governance

- SCC will process application data under relevant data protection legislation and SCC privacy notices.
- Applicants must demonstrate data handling, safeguarding records, and consent practices proportionate to their activities.
- Confidential information will be treated appropriately; decision summaries may be published in line with transparency duties.

6.13 Appeals, Complaints and Transparency

- **Appeals:** An applicant may request a review of a CAT decision within **20 working days** of notification and **only the following five grounds** 1) procedural irregularity 2) failure to consider relevant information 3) consideration of irrelevant factors 4) unclear reasons or insufficient evidence 5) apparent bias or conflict of interest. The appeal will be considered by a senior officer, not involved in the original decision.
- **Complaints:** Managed through SCC's corporate complaints process.
- **Transparency:** SCC will maintain a public facing summary of CAT opportunities and decisions where appropriate, subject to commercial sensitivity.

6.14 Implementation Timeline and Review

- Policy commences within 1 month of the Cabinet decision to implement policy.
- A 6-month process review will identify improvements.
- Formal policy reviews every 24 months or earlier if required.

7. Documents Associated with this Policy

7.1 Appendices

- Appendix A — Expression of Interest (EOI) Template
- Appendix B — Full CAT Application & Business Plan / Management Agreement (Headings)
- Appendix C — Supplemental Model Heads of Terms (Indicative)
- Appendix D — Detailed Scoring Matrix (Illustrative Weights)

8. Related Policies

- Surrey Corporate Plan
- Asset Management Strategy
- Community Vision for Surrey 2030
- Climate Change Delivery Plan

9. Glossary

Acronym or term	Definition
Community Asset Transfer (CAT)	The transfer of management and/or ownership of a Council asset to a community focused body, typically at undervalue, where demonstrable community benefit will be delivered
Community organisation:	A not-for-profit, community-controlled body (see Section 6).
Peppercorn rent	A nominal or token rent payment, historically a single peppercorn, used in property law to establish a legally binding lease while making the rent effectively free.
Social value	Additional social, economic and environmental outcomes arising from the transfer beyond the asset's baseline use.
Under-value	A consideration below unrestricted market value, justified by community benefit and subject to governance controls.

Asset lock

Legal provision to ensure assets and profits are used for community benefit rather than personal gain

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Appendix A — Expression of Interest (EOI) Template

The following information represents the minimum requirements. Additional details may be requested depending on the duration of the proposed arrangement and the value of the asset involved.

A1. Organisation details

- Name, legal form, registration numbers, governing document, contact(s).

A2. Community definition & governance

- Who you serve; membership openness; board composition; key policies.

A3. Asset of interest

- Address/SCC reference; current use; proposed use; preferred transfer option

A4. Community need & support

- Evidence summary; engagement to date; partners.

A5. Outline outcomes & social value

- Headline outputs/outcomes; inclusion and climate benefits.

A6. Capacity & resources

- Team skills; volunteers; initial budget outline; funding pipeline.

A7. Timescales & readiness

- Milestones; dependencies.

A8. Declarations

- Conflicts; data; consents.

(2–4 pages max. Attach essential letters of support.)

Appendix B — Full CAT Application & Business Plan (Headings)

The following information represents the minimum requirements. Additional details may be requested depending on the duration of the proposed arrangement and the value of the asset involved.

1. Executive Summary
2. Organisation & Governance (structure, board CVs, policies)
3. Community Need, Engagement & Equality Strategy
4. Activities, Services & Outcomes (logic model; KPIs)
5. Market & Competition/Complementarity Analysis
6. Partnerships & Stakeholders
7. Operations Plan (staffing, volunteers, safeguarding, compliance)
8. Asset Plan (condition, repairs, lifecycle; capital works plan)
9. Financial Plan (5-year P&L, cashflow, balance sheet; assumptions; sensitivity; reserves policy)
10. Risk Register (pre and post mitigation; owners; review cycle)
11. Net-Zero & Nature Positive Plan
12. Implementation Plan & Milestones
13. Monitoring & Evaluation Framework

Please note that this information will form the basis of the management agreement. Before formal legal work begins, this document will be required to define the agreed working relationship between the Council and the community group. It will ensure the arrangement delivers defined, high-quality, and cost-effective outcomes for residents by setting clear expectations, targets, and quality standards for the service being provided, which will be monitored through regular reporting.

The management agreement will include the following additional sections:

- Memorandum of understanding
- Agreed approach to working relationship
- Agreement overview – Main objective (social, economic, and environmental benefit to be delivered)
- Agreement overview – Complimentary ancillary services (where applicable)
- Escalation procedures
- Change control for the agreement
- Appendix A: Equipment inventory
- Appendix B: Schedule of building compliance tasks

Appendix C — Supplemental Model Heads of Terms (Indicative)

Once the Business Plan and Management agreement has been completed the property agreement can be established.

C1. Licence to Occupy

- A simple document appended to the management agreement simply covering additional property related matters such as: Term of occupation (months), permitted use, hours of access, fee, insurance responsibilities, compliance duties, termination, hand back conditions.

C2. Lease

- A more formal document covering: Parties, premises, term (e.g., 15/25/35 years), rent (peppercorn/stepped), repair (e.g., IRI/FRI with schedules), alterations, assignment/subletting controls, compliance (H&S, statutory), insurance, service charges (if any), user restrictions, break/review, reporting, step-in/reversion, dispute resolution.

C3. Freehold (exceptional)

- Full transfer documentation covering: Price (consideration), overage/clawback, restrictive covenants (community use), asset lock obligations, pre-emption rights, re-entry for breach (where lawful), consents, longstop conditions.
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Appendix D — Detailed Scoring Matrix (Illustrative Weights)

Criterion	Weight	Indicators	Threshold
Community Need & Engagement	20%	evidence of need; inclusive engagement; stakeholder letters	≥50%
Outcomes & Social Value	20%	clear outcomes; measurement plan; additionality	≥50%
Governance & People	15%	board skills; policies; safeguarding; succession	≥50%
Financial Viability	20%	robust model; sensitivity; reserves; funding pipeline	≥50%
Asset & Compliance	15%	maintenance plan; statutory compliance; insurance	≥50%
Strategic Fit & Net-Zero	10%	alignment with SCC strategies; climate/nature plan	≥50%
Total	100%	Pass mark 65%+; no section fail	65%

RAG guidance:

- **Green (3):** Strong and convincing, low residual risk
- **Amber (2):** Adequate with manageable risks/conditions
- **Red (1):** Insufficient or high residual risk

Decision rules: approve/approve with conditions/defer for revision/decline.

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