



Historic England

Pillars of the Community

The Transfer of Local Authority Heritage Assets



Summary

Aimed at both local authorities and community groups, this guidance is designed to provide clear, useful advice on when and how to transfer heritage assets from public to community ownership. The guidance also provides links to case studies, checklists, a glossary, bibliography and additional sources of information.

Since the first edition of Pillars of the Community was published, in 2011, the Localism Act (2011) has introduced new Community Rights, there has been an increase in the number of assets offered for transfer and new grant funds have been introduced. The guidance has been revised in the light of these changes.

Many local authorities are taking a close look at the properties they own with a view to making savings and rationalising their holdings. At the same time, there are increasing opportunities, provided in part by legislative change, for communities to take a more active role in their local area. These two principles are brought together in the transfer of heritage assets from local authority ownership, into the hands of local communities.

This document has been written by Locality, on behalf of English Heritage, in consultation with experts in the heritage sector from the Architectural Heritage Fund, Heritage Lottery Fund, The Prince's Regeneration Trust and National Trust.

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Front cover: [Hastings Pier](#)

The Hastings Pier Charity has raised over £14m to repair the Victorian structure to create a ‘People’s Pier’.

1 Context

1.1 Introduction

The historic environment plays an integral role in shaping the character of a place. On an everyday level it can make an area more attractive to live in, work in, and visit. On a more emotional level it can provide a community with a route through to its past – a tangible reminder of the lives and experiences of previous generations. It is in renewing this link with the past that makes the role of current communities in the management of their heritage assets potentially so important.

That is why the benefits flowing from the community ownership and management of heritage assets are so widely established both at a national level and local level. When organisations take on heritage assets the benefits are associated with the asset itself and the organisation overall, as well as the wider community. For heritage assets the stakes are often greater as such buildings are both highly valued and close to the hearts of local communities. Although these heritage assets can be key components in local authority strategies concerning culture, leisure, education and tourism, their viability can be difficult to maintain in the long term.

In this new climate of shared responsibility and trust, local authorities and communities both have pivotal roles to play in preserving our national heritage at a local level. The case study examples underline the considerable gains that can flow from positive and proactive encounters from both sides. It is in the spirit of promoting more widespread collaboration and innovation that this updated and expanded guide has been produced, to inform and inspire local authority senior and middle managers, councillors, local

heritage champions and community organisations contemplating community asset transfer of heritage assets.

1.2 Structure of this guidance

Part 1 of the guidance explains the context of asset transfer and community asset ownership and management. Parts 2 and 3 provide detailed guidance, from the viewpoint of the local authority and the community respectively, backed up by tips and checklists. [Part 2](#) explains how local authorities can take stock of their heritage assets and formulate transfer strategies. They have a critical role in providing opportunities for local groups to get involved and supporting them through the transfer process. Although primarily aimed at local government, the advice is also relevant to central government and other public bodies. [Part 3](#) explains how the community can develop successful projects, from assessing potential uses to ensuring the long-term viability of the project.

Other sections provide an explanation of the terms used in the document and list additional sources of advice and information. A series of case studies are referred to throughout as successful examples of how communities have taken on these rewarding projects.

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- > The importance of conservation plans in helping to explain why heritage assets are valued is explored in the [Sandford Parks Lido](#) case study.

© Giraffe Photography

1.3 The importance of heritage assets

Heritage assets are important for a variety of cultural, social and economic reasons. In terms of their physical presence, setting and use, they make significant contributions to the quality of life of places by adding to their character and identity.

Heritage assets are defined as buildings, monuments, sites, places, areas or landscapes identified as having a degree of significance meriting consideration in planning decisions, because of their heritage interest and value. They include assets identified by the local planning authority as being locally significant, including through local listing. Some have statutory protection through designation such as listed buildings or scheduled monuments; others are recognised as important internationally, such as World Heritage Sites (see [Section 6](#) for an explanation of the different

types of heritage asset). Heritage assets are non-renewable resources which can bring social, economic and environmental benefits through their conservation and beneficial re-use.

A vital step for any project that involves a heritage asset is to understand what its value is and to whom it is important. Only then is it possible to determine what scope there might be to adapt the asset to meet the requirements of a new owner or occupier. In accordance with the policies set out in the [National Planning Policy Framework \(NPPF\)](#), all planning applications that affect heritage assets should be supported by a description of their significance and the contribution of their setting to that significance. Guidance on the application of the NPPF is published as Planning Practice Guidance on the [planning portal](#). Likewise, Heritage Lottery Fund (HLF) requires all applicants seeking funding to consider why the heritage asset is important, who values it, and how its significance can be sustained and enhanced through the project.



Historic England sets out its approach to making decisions and offering guidance about all aspects of England's historic environment on its [website](#).

The level of information required on the significance of the asset should be proportionate to the importance of the asset and no more than is sufficient to understand the potential impact of the proposal on the significance of the heritage asset. This can range from a summary statement of significance, comprising a brief description of the asset and its heritage values, to a full Conservation Plan, which details the history and significance of the asset and sets out a series of specific management policies and actions. These terms are explained in the [Glossary](#). Another option is a Conservation Statement, which is a shorter version of a Conservation Plan, written at an earlier stage in the project before options for different uses have been considered.

1.4 Community ownership and management of assets – the new operating environment

Since the original 'Pillars' guidance was produced, the political, economic, social and environmental context for asset transfer has changed significantly. The key shift in public policy affecting community ownership and management of assets is that in addition to an increase in the number of assets offered for transfer from public sector bodies to community-based organisations, the Government has introduced a raft of 'Community Rights' as a central part of the *Localism Act* (2011), which is explored more in [Section 2.1](#). With reductions in public spending and the need to consider the increased costs of running an asset, more public bodies are working with community-based organisations to take on publicly owned land and buildings to enable them to stay in local control and be used for wider community benefit. Many of these are heritage assets – historic buildings, monuments, places or landscapes which have significance and are valued by the community. The case studies associated with this guidance explore a cross-section of these examples.

In addition to new legislation, new grant funds are now in existence that are relevant at different stages in the community ownership 'journey' - from small 'pre-feasibility' grants under the Social Investment Business (SIB) Community Assets and Services fund to larger investments of up to £5 million that are available under HLF's Heritage Enterprise grant programme. In addition, models of investment that were still emerging in 2011, such as Community Shares, are now better understood through their greater utilisation (see [Section 3.7](#) for a full list of relevant funding sources).

Although there has been considerable change in the last three years, some things have remained the same. Communities continue to express an



Lister Steps were the winners of a Heritage Dragons event organised by the Heritage Investment Working Group in 2012. See the case study to find out more about their proposal to save [Lister Drive Carnegie Library](#) in Liverpool.

© James Sanderson

unyielding interest in safeguarding local assets, including those that are privately as well as publicly owned. Neighbourhood blight in some areas, caused by empty or under-utilised land and buildings, is still too familiar. Local authorities continue to face intense financial pressures on both capital and revenue funding, resulting in the continued need to maximise the use of publicly owned land and buildings, or to dispose of them and the associated costs.

Making the most of heritage assets to meet community needs in such a challenging climate continues to give rise to all sorts of issues. That is why this guidance has been revised at this time: to unleash the creativity, innovation and growth flowing from effective community ownership and management.

2 Asset Transfer: the Local Authority Perspective

2.1 Considerations for local authorities

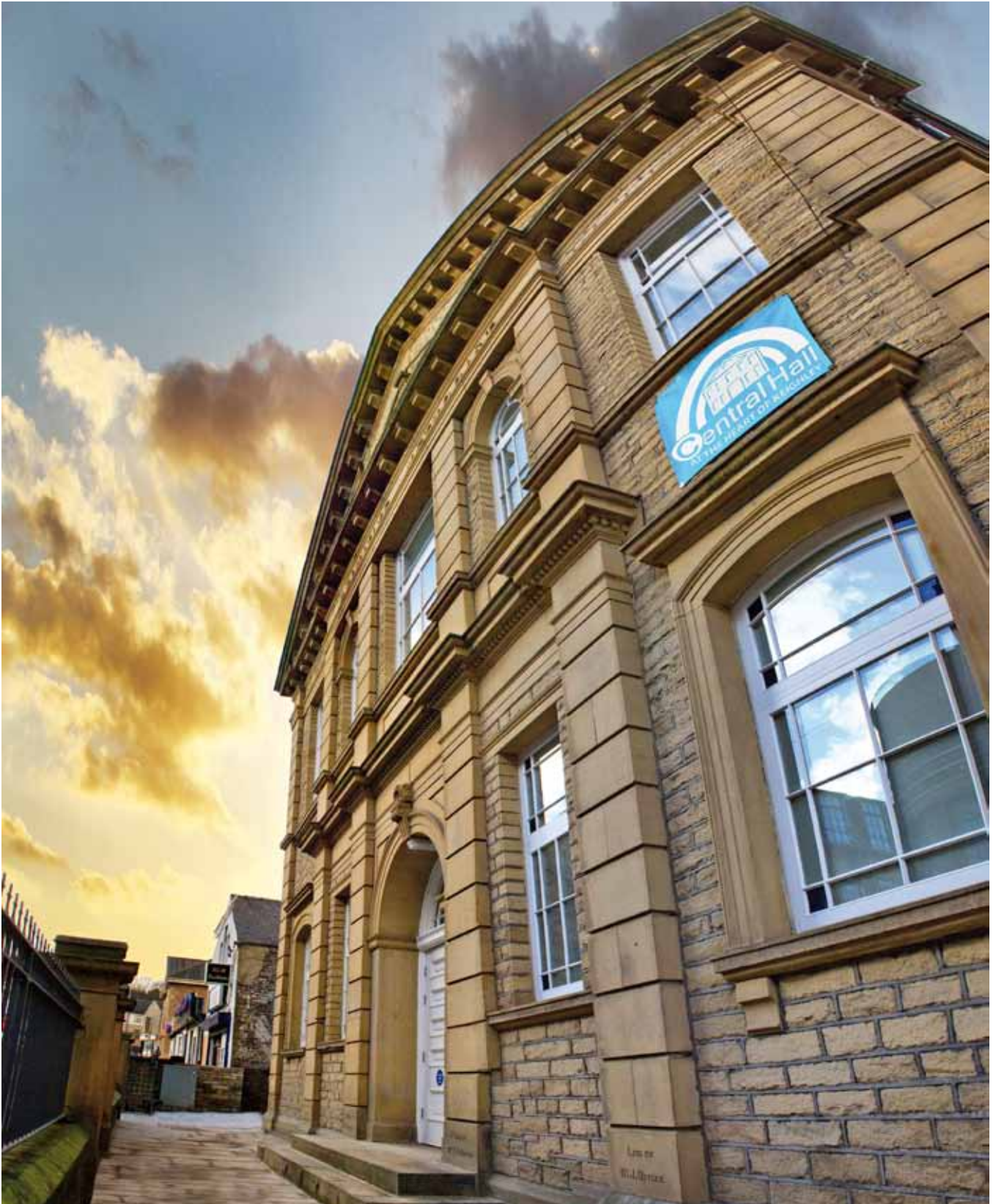
Making better use of public assets is high on the agenda for all local authorities as they seek to achieve efficiency savings and deliver better public services. At the same time there is recognition amongst the public of the intrinsic value of heritage buildings and the defining role that they play in shaping places.

Within local authorities the future of heritage assets is not just a matter for the departments that currently use or manage them. They will be of concern to those involved in planning and regeneration for their contribution to local character and the quality of the environment, as well as other potential public benefits that could arise from their re-use.

The successful preservation and development of heritage assets increasingly involve all tiers of local government. Parish and Town Councils are taking on the ownership of cherished heritage buildings, or supporting other local organisations to do the same. Since the introduction of the *Localism Act* (2011) many Parish and Town Councils have been developing **Neighbourhood Plans**, which can also have an influence on the use of local heritage assets.

Historic England and **The Prince's Regeneration Trust** both offer advice to local authorities on the management of heritage assets. Advice for central government on the **transfer of heritage assets** contains the elements of best practice for the public sector as a whole, including local authorities. It suggests that:

- accepting the highest purchase offer is not always appropriate
- any options for re-use of an asset should be considered before deciding to sell
- unused heritage assets need to be actively protected through regular inspection and maintenance
- information about the significance and condition of heritage assets should be made available to potential purchasers
- alternative methods of sale may need to be considered to ensure that heritage assets find an appropriate new owner
- the transfer of large historic sites should be handled holistically, to avoid isolating heritage assets



The [Keighley Central Hall](#) case study demonstrates the value of a strong partnership between the community group and the Town and Parish Council.

© Tom Blackwell

In addition, there are some key considerations to which local authorities should pay careful attention at the earliest opportunity:

Assets held in trust – heritage assets can often be held by Charitable Trusts either wholly or partly controlled by local authorities. In these instances their disposal is subject to charity law. It is, therefore, important to identify those assets held on charitable trust at an early stage to ensure that relevant statutory procedures are followed. The Charity Commission provides [guidance](#) on the disposal of charity land and Trustees' responsibilities.

Covenants – heritage assets may be subject to restrictive covenants, often as a means of protecting philanthropic donations and gifts of buildings to communities and permanently limiting the use of the asset affected in order to protect its heritage and conservation value in the long term. However, while covenants may offer protection to ensure heritage assets remain as such by preventing alternative uses, they can become a hindrance when there is no longer a community demand, or viable operating model to sustain the service and building as intended, and a change of use is required to establish a new viable use. An early understanding of the implications of any covenants is key.

The right to bid – where there is a local interest in maintaining heritage assets in community use, whether they are in public or private ownership, the *Localism Act* (2011) provides a new mechanism to enable this to happen.

Relevant local bodies, including Parish and Town Councils, are able to nominate assets to be listed as 'Assets of Community Value' by their local authority. Assets listed on the register will then benefit from a six-month moratorium - or pause - in any subsequent sale of the asset by the owner.

Local authorities with responsibility for maintaining the local register of Assets of Community Value can also help to promote it to communities by providing clear and accessible information about the process for nominations on its website.

It should also be noted that it is still possible to pursue a Community Asset Transfer of an asset that is also subject to the Right to Bid provisions, and in most cases the discounted nature of the latter would be a preferable option for a community organisation. Read more about the Right to Bid and the Community Rights at: www.mycommunityrights.org.uk/

The Local Government Association has also published an introduction for [officers](#) and [councillors](#) to the full suite of tools available to enable community asset ownership and management, including the Right to Bid and Community Asset Transfer.

2.2 Taking stock of heritage assets

Local authority heritage assets may be suitable for transfer because they are under-used, unsuitable for current operational needs or because estate rationalisation leaves them surplus to requirements. In recent years the impact of austerity measures and changes to the way local services are delivered mean that many civic buildings are in a poor state of repair with a maintenance backlog as a result of underinvestment. Some of these circumstances will apply to heritage assets.

These trends put an increasing importance on the need to find alternative approaches to managing and maintaining heritage assets. While commercial development can play an important role in providing new functions and investment, this will not always provide an acceptable solution. Private development may not allow for the continuation of community use or access, and it is likely to be restricted to more commercial sites. It is apparent that in many areas neither public nor private sector investment is viable in itself, and that a proactive approach to supporting community-led solutions may be required to preserve heritage assets.

There are many good examples of heritage assets being turned to new uses, as illustrated by the case studies which sit alongside this guidance and in various websites and publications



A



B

Images

- A. The [Caistor Arts and Heritage Centre \(BIG\) Ltd](#) case study is an example of how a strategic ‘place-based’ approach to town centre regeneration resulted in the successful re-use of a heritage asset.
© Roy Schofield
- B. The West Midlands Historic Buildings Trust case study shows how the redundant [Lye and Wollescote Cemetery Chapels](#) near Stourbridge are being brought back into use with a grant from HLF.
© Dudley Council

(see [Bibliography](#)). Local authority estates include many assets which are particularly valued by the local community, such as old town halls, schools, libraries, museums and public baths. Less obvious examples are blocks of flats, terraced houses, chapels, open spaces, cemeteries and even public toilets. Similarly, surplus property on the central government estate, such as hospitals and military sites, often include heritage assets that are capable of re-use.

Where one has been produced, a local authority’s Asset Management Plan should reveal assets that are under-utilised or in need of investment. Historic England publishes a national [Heritage at Risk Register](#). Some local authorities also maintain their own registers. The longer buildings are left vacant, the more expensive it is to bring them back into use. It is vital to take prompt action with unused heritage assets, as the cost of repairs can easily escalate when neglect takes hold. Decay can accelerate in just a few years once damp gets in. Relatively low-cost actions such as cleaning gutters, repairing flashings (which cover the junctions between wall and roof surfaces), repointing exposed areas or replacing missing roof tiles can avoid the need for major capital refurbishment at a later date.

It is, therefore, important to ensure that heritage assets that are under-used or vacant while awaiting transfer are adequately secured and maintained. Services such as water and electricity may need to be decommissioned both before and during works. It may be worth considering temporary uses, or the services of firms specialising in property guardianship, as a way of reducing the risks of vandalism and decay. Support is also available to assist local authorities and community organisations with ‘meanwhile’ lease arrangements from [Meanwhitespace](#). Advice for owners on [temporary uses, maintenance and mothballing](#) is available from Historic England.

The most successful community asset transfers are those based upon constructive partnership working between the local authority and the community organisation and occasionally a commercial partner. In the case of heritage assets, the involvement of conservation and planning officers throughout the process can be an important factor in enabling a viable community asset transfer. Most local authorities employ a conservation officer, or have access to specialist conservation advice. The conservation officer should be able to give advice on the constraints and opportunities that are likely to arise from new ownership of a heritage asset that currently belongs to the local authority. Help may also come from a Heritage Champion (see [Glossary](#))



appointed by some local authorities, as well as, of course, from community groups themselves. Helping any communities potentially interested in taking on a heritage asset to understand what is and is not likely to be permissible will help them to determine what may be possible in terms of refurbishment and development early on, helping to avoid abortive work that is not likely to be approved.

Local authorities may have an interest in enabling community ownership of heritage assets in private ownership, particularly where high-profile heritage landmarks are neglected and are having a negative impact on the community. Where heritage assets have been sold to new owners who have been unwilling or unable to fund the necessary repairs, they may stay empty over many years and become derelict. Dereliction can have a negative impact on the surrounding area, and a depressing effect on private investment, whereas re-use of heritage assets can support regeneration.

2.3 Assembling relevant information on heritage assets

Local authorities can facilitate community solutions by providing clear and current information about the heritage assets in the area. When taking stock of heritage assets, relevant information to make available may include:

- basic details, location, description
- ownership details
- current use/users
- heritage status and importance
- financial value
- whether the asset appears on the register of Assets of Community Value
- planning designation
- whether or not the asset is surplus to requirements

< The [Hastings Pier](#) case study demonstrates how a compulsory purchase order was used to acquire the pier, enabling the local authority to onward transfer to a community-owned trust.

For heritage assets where the local authority wants to support community asset transfer, it should invest time in providing more detailed information. This will help to ensure that development and viability work will be most effective. The following information could be considered useful to include:

- previous running costs (ideally three years or more, breaking down expenditure and income)
- any existing contracts or agreements related to the premises
- recent reports relating to site inspections (fire, electrical safety, asbestos, water-borne disease, health and safety)
- copy of condition surveys, and details of any works undertaken
- building maintenance schedules and operational procedures
- site plans
- information about any existing lease or hire agreements
- copies of job descriptions and employment information for posts linked to the asset
- copy of title documents, and any significant information regarding restrictions of use
- information on current use (for example, visitor numbers, room bookings, sales ledger records)
- information about any community consultations related to the site

- information regarding aspects of significant heritage value

Tip

The local authority's conservation officer can help identify heritage assets suitable for transfer and clarify what constraints and opportunities are attached to them.

Checklist

- If they have one, does the local authority's Asset Management Plan identify heritage assets that are at risk or under-utilised?
- Is relevant information on local heritage assets available, up to date and easily accessible?
- Are there existing community groups who are either already managing heritage assets locally, or interested in doing so in future?
- Has there been adequate consultation between the local authority and community groups regarding possible transfers of heritage assets?
- Are there any heritage assets on the Heritage at Risk Register that are suitable for transfer to community groups?
- Are heritage assets subject to transfer being adequately maintained?
- Does the local authority have a Heritage Champion who can promote a transfer from the local authority?
- Is the significance of the heritage asset explained in a Statement of Significance, Conservation Statement or Conservation Plan (see [Section 1.3](#))?

2.4 Formulating transfer strategies

Asset transfer can be complex and time-consuming, so it helps if the local authority has a clear strategy, policies and procedures in place. An asset transfer policy should cover all assets, not just those of heritage significance. Good practice from elsewhere shows that a transfer strategy should seek to achieve the following:

- Provide a framework to facilitate decision making, enabling officers and councillors to interpret and utilise the local authority's powers ensuring statutory compliance
- Facilitate the process of transferring assets for community benefit
- Support community organisations seeking to take on community assets

A clear strategy can clarify expectations and responsibilities to prevent wasted effort and resources. It is of value both in terms of coordinating and aligning support within the local authority, as well as providing a clear framework with which the community can engage. There is likely to be less scope for challenge when compared with a more reactive approach. For an example of a comprehensive asset transfer strategy see the London Borough of Lambeth [Enabling Community Asset Ownership and Management](#) (2012).

Policy context

An asset transfer strategy should reference and respond to relevant guidance and legislation, in particular:

- [The General Disposal Consent](#) (England) 2003
- [Making Assets Work](#): The Quirk Review of community management and ownership of public assets (2007)
- The [Localism Act](#) (2011), specifically the Community Right to Bid ('Assets of Community Value') and Neighbourhood Planning

- [National planning](#) legislation, policy and guidance and local plans

The vision of the Quirk Review remains of importance for the asset transfer agenda. It sets out the varied benefits of asset transfer and explains how communities can be revitalised through an increase in the community ownership and management of assets.

Local authorities have powers to dispose of land and buildings, including the sale of freeholds, granting and assigning of leases and the granting of easements, for the best consideration reasonably obtainable. Under [The General Disposal Consent \(England\) 2003](#) (see [Bibliography](#)), local authorities have the power to dispose of any asset at 'less than best' consideration where this will secure the promotion or improvement of the economic, social or environmental well-being of an area. The approval of the Secretary of State is required if the discount exceeds £2 million. Therefore, local authorities are not obliged to secure the highest price obtainable, and may negotiate with potential partners to seek non-financial benefits.

The benefits and risks of Community Asset Transfer

There are many potential benefits to be realised where heritage assets are transferred into community ownership which can unlock community enterprise, volunteer commitment, local intelligence and lever the necessary capital investment to create a thriving community hub. There are also a host of positive heritage outcomes that are associated with the physical improvement of a heritage asset and its effective management. These should be considered and weighed up against the risks of going forward with a proposal, as well as an assessment of the 'do nothing' option.

As a result of policy, investment and a range of asset development projects undertaken by community organisations on the ground in recent years, there are a number of places where the benefits and risks of asset transfer are explored in detail. For example, advice in [The Quirk Review](#) identified a range of benefits and risks (and

counter-measures for managing those risks), and [HLF's Heritage Enterprise Application guidance](#) identifies seven outcomes for heritage, people and communities.

Benefits of a successful Community Asset Transfer may include the following:

- A sustainable future for a valued local heritage asset
- New sources of grants and investment capital can be accessed to restore and develop assets
- Communities can exercise control and more effectively plan the use of local buildings
- Establishing more enterprising income generating management models that provide a more sustainable solution to future building management and maintenance
- Influence on public perceptions, and local pride in their community
- Increased community involvement and engagement in their local assets
- Stimulating new uses and attracting new audiences to experience and access local assets

Risks may include the following:

- Insufficient capacity of an organisation to manage the development or running of the asset (initially and in the long term)
- Inability to raise sufficient funding
- Legal restrictions preventing a viable transfer (for example, State Aid or TUPE)
- Asset not used in the public interest (initially and in the long term)
- Being unable to afford to maintain the asset on an ongoing basis
- Over-reliance on voluntary contributions of time/resources, rather than shared more widely
- Conflict between (and within) community organisations

The asset transfer process

Although processes vary from place to place, the key stages are becoming more common to all:

Identify assets that can be considered for Community Asset Transfer (CAT)

Is the local authority only willing to consider assets surplus to requirements, or open to expressions of interest to all buildings? Will it consider CAT alongside or instead of a commercial sale?

Invite Expressions of Interest (EOI)

Will EOI be considered only in relation to a structured invitation, or is there a process for considering EOIs on a rolling basis in response to the community?

What information is essential for community organisations to provide at this early stage to determine progression? How will the local authority prioritise EOIs in the event of multiple submissions?

Respond to EOIs/initial assessment

Clarify on what basis the local authority is prepared to engage further. Identify a lead contact from each side. A partnership agreement at this stage can help clarify expectations.

Development/viability phase

Ideally, the local authority will play a supportive role, providing relevant information and advice on issues regarding heritage conservation and planning.

Other departments that are likely to be required to be on board with the process are:

- Property
- Legal
- Community/neighbourhood teams
- Service delivery departments if applicable

A single point of contact within the local authority can help immensely to co-ordinate input internally.

At this point clear milestones should be agreed. Commitment at a senior level is important to prevent projects from stalling, particularly where large capital funding is at stake.

Establishing a common understanding in a **Heads of Terms** is important to prevent abortive work.

Decision and execution of lease

Clarify where decisions need to be taken, and if they link in with other meeting or decision cycles.

Specify, and provide clear guidance as to what information needs to be provided to inform a decision, and on what basis decisions will be made. Will an application form be used, or will assessment be made from business plans and interviews?

If transferring assets by way of lease, this will need to be drawn up and agreed. Who is expected to pay for associated legal costs?

Occupation

What ongoing relationship is to be expected following on from an asset transfer? Are there agreements in place to ensure reporting of activity or use? (Bear in mind that restrictions within the lease document may undermine the value of any lease agreement, and the ability to secure ongoing finance).

What **commitments or assurances** are required to satisfy the local authority that there will be ongoing community benefit and access to the heritage asset?

Ultimately, the key to successful asset transfer is a robust business plan and the capacity and time for the community organisation to put the plan into practice. Responsible asset transfer requires due diligence, examination of the recipient organisation to ensure that they are able to deliver the objectives of the transfer successfully, and a clear audit trail recording the decision-making processes for accountability purposes.

Financial value of assets

A valuation of the asset will be required to establish the scope of any 'less than best' calculation. Valuation is often described as part art, part science. In the case of heritage assets, the issues involved can make valuation less than straightforward. In some circumstances, the cost of renovation may exceed the final financial valuation and local authorities should take care to ensure that any valuations consider these additional complexities.

There is an issue of how much discount should be provided by the local authority. The discount should leave the recipient as well placed as possible to raise associated development capital. Community groups are usually unable to compete with commercial buyers, but they can offer something that the private sector does not, warranting asset transfers at less than market value for assets that add value to a local area and support the local authority's strategic objectives.

Asset transfer terms

The basis on which assets are transferred can include gifting or donating the asset, sometimes with an endowment, freehold sale or granting a long lease (often at a 'peppercorn'). The detail of lease terms can make or break the viability of a prospective asset transfer, so establishing a clear understanding through a Heads of Terms can save wasted effort on both sides in terms of development work.

Local authorities can make use of partnership agreements to sit alongside lease transfer to provide a structure for [maintaining an ongoing relationship](#) ensuring effective reporting and potential for interventions to ensure ongoing community benefit. Local authorities should be

wary of incorporating specific service delivery outcomes within any lease agreements in order that the asset transfer is not seen as consideration for procuring a service, thus maintaining a distinction between [asset transfer and service procurement](#).

Private sector partnership

Sometimes the right solution may be for the local authority to retain ownership, but to lease or license parts of the asset out to different organisations. In other cases the best approach will be to combine the resources of a community group with those of a commercial developer, with, for example, the community taking over parts that involve public access.

There is increasing interest and support for initiatives that bring together the benefits of community-led enterprise with the development experience of the private sector or other service providers to bolster redevelopment proposals. HLF's [Strategic Framework 2013-2018](#) and the launch of its Heritage Enterprise fund reflect a growing interest in these new partnership approaches.

Asset transfer to new or emerging groups

In some instances there may be a willingness on the part of the local authority to transfer local heritage assets, but a lack of existing organisations with the capacity, or indeed interest, to take them on. Quite often, community organisations emerge and evolve directly in response to a threatened or 'at risk' heritage asset. This can present some challenges to local authorities in terms of undertaking due diligence in the absence of a track record.

It may be unhelpful for local authorities to establish policies or processes that dismiss or screen out such groups on this basis in the absence of alternative means of securing the future of these buildings, especially where they demonstrate widespread community support. Indeed, many established community enterprises today started out as informal groups of people with a common cause.

Checklist

- Does the local authority have a recent - and relevant - asset transfer strategy, policies and procedures outlining when and how assets should be transferred? Was the community involved in its development?
- Is the strategy promoted and easily accessible?
- Is there a clear process for how transfers are to be handled, with a timescale for a staged decision-making process?
- Does the local authority have arrangements in place to help support community organisations seeking to take on asset transfers?
- Is there someone within the local authority with responsibility for ensuring the best outcome for all sides?
- Is there a policy for giving community groups discounts on the market value?
- Is there a practical method for taking account of the benefits that community ownership may bring, both to the community and the asset itself?
- Does the transfer ensure best value in the light of planning constraints?
- Are there a suitable number of committee members involved and do they sufficiently reflect the make-up of local community interests?
- What track record or previous experience do committee members have that bring credibility?
- Can the community partner with another local charity or social enterprise with a track record?
- Is there scope for community/private sector partnership?



The [HEART Headingley](#) case study is an example of a successful project that began in response to the threat that a school might be converted into student flats.

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3 Asset Transfer: the Community Perspective

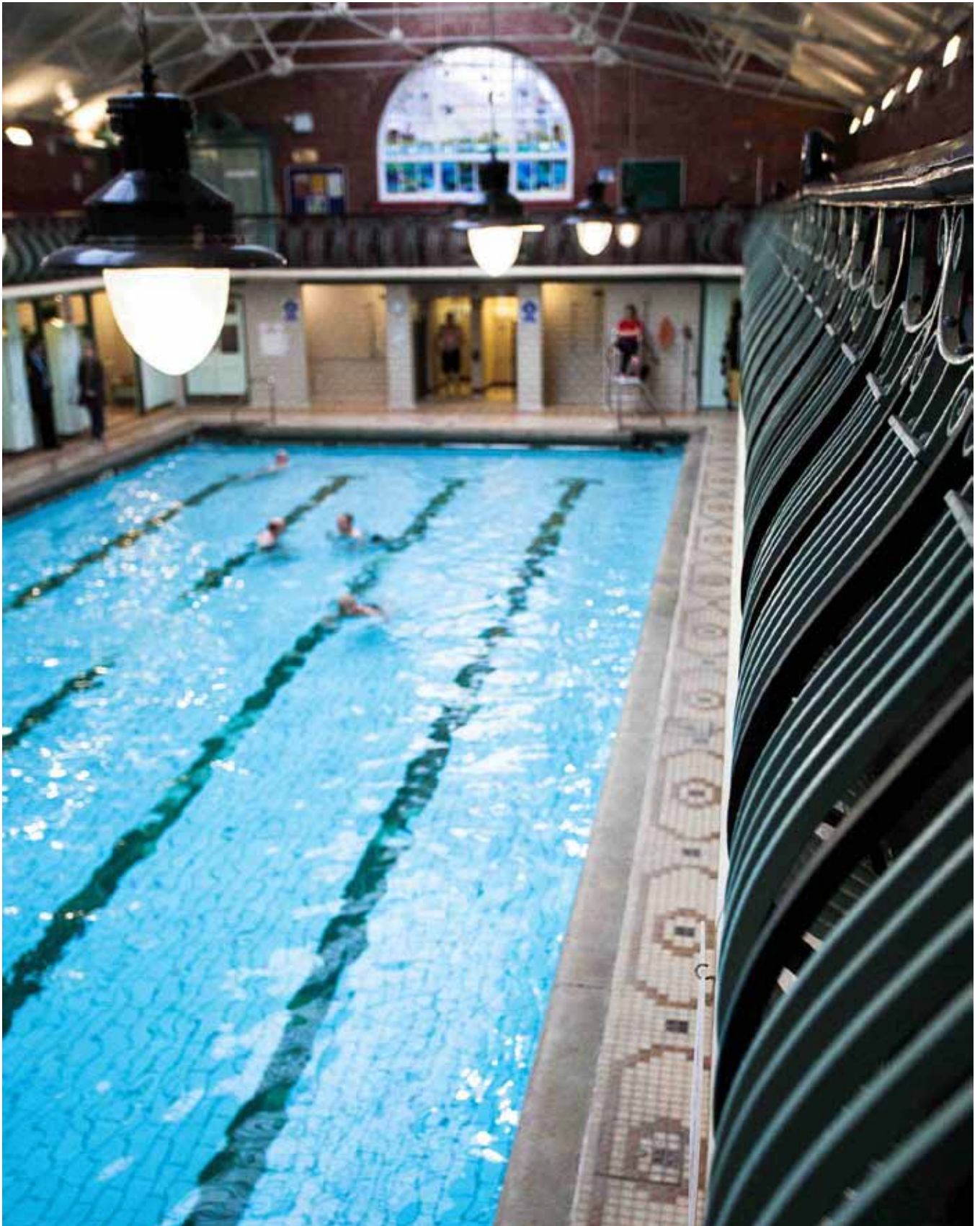
3.1 Considerations for community organisations

Community organisations involved in community asset ownership and management, via asset transfer or other methods, vary widely in their size and complexity. Many are small groups of volunteers motivated by a desire to support a local service or amenity, such as a community hall or leisure facility. These small groups traditionally depend on local authority support or subsidy, including professional advice on the management of the asset. Others start as campaigning groups, determined to save a heritage asset which is at risk of decay or closure. At the larger end of the scale there are community trusts and social enterprises which have the capacity to manage larger and more complex assets, or even multiple assets in an area. As the projects articulated in the case studies show, there are a whole range of organisations that have been through the process of developing a heritage asset project and who have experience that can help others.

Though often small on their own, many community groups benefit from being part of wider associations, and can access specialist sources of support and funding. For example, [Locality](#) has a membership of over 700 community organisations across the UK and the [UK Association of Building Preservation Trusts](#) has members in most parts of England. Building preservation trusts (BPTs), where

they exist, can enable a community group or developer to take on a heritage asset by sharing expertise and enabling the community group to develop its own role, possibly as an occupant of part of the property. BPTs can be very useful where grants need to be packaged and sensitive repairs undertaken in preparation for community management and use. The Charity Commission also publishes a range of useful information on the ownership and management of property by registered charities. Details of these and other organisations that can provide support or advice are listed in [Section 7](#). The contribution of the community sector to heritage-led regeneration has also been explained and illustrated in The Heritage Alliance's [The Heritage Dynamo](#) document.

A community group may have an interest in acquiring an asset that it currently rents, or it may want more suitable space for its activities. However, before agreeing to take on a heritage asset, the group will need to make a realistic assessment of the risks involved (see [Section 3.4](#)). The management of a heritage asset will require skills, resources and organisational development, as well as enthusiasm. Ultimately, the success of the transfer will depend on being able to generate more value from the asset than in the past, while containing the costs within the resources that can be raised. A realistic and robust business plan is therefore essential, but so too are individuals with the



The [Bramley Baths](#) case study is an example of how a group progressed from an initial campaign to manage a swimming pool for local people.
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necessary knowledge and experience prepared to put in plenty of time, often on a voluntary basis, along with the flexibility to consider a range of options in terms of both uses and forms of tenure or partnership.

It is vital that the management committee or board of trustees fully understand not only what is involved in taking on the development and management of a heritage asset, but also the steps involved, which can consume considerable time and money for which they are responsible as trustees or company directors. This will entail:

- identifying the community needs that a heritage asset could accommodate and the range of uses that would be both appropriate and viable (see [Section 3.2](#))
- seeking a suitable existing organisation or setting up an appropriate ‘special purpose vehicle’ (see [Glossary](#)) to take ownership of the property (see [Section 3.3](#))
- undertaking a full assessment of all the risks to the organisation and the asset to ensure that they are fully understood, assigned ownership, mitigated or averted and resolved for each stage of the project. This would include understanding current staffing arrangements for the building (if any), and whether TUPE would apply (see [Section 3.4](#))
- knowing the range of options in terms of tenure, for example length of lease, and the implications for attracting funding (see [Section 3.5](#))
- building the capacity to take on the project, either through staffing or arrangements with partners, consultants, or the use of volunteers
- understanding the skills required in both developing and managing the asset and how they are to be acquired and applied (see [Section 3.6](#))

- having a realistic financial strategy in place for the capital development that is based on a suitable ‘cocktail’ of funding sources appropriate to the project timescales involved (see [Section 3.7](#))
- ensuring that the project is viable in the longer term, by being realistic about the potential to generate income, future operational and repair costs, and allowing for changing circumstances (see [Section 3.8](#))
- thinking about how to best maintain the interest and enthusiasm of the local community for the transfer and the continued ownership of the asset and any capital project and how to avoid alienating existing volunteers if additional professional staff are brought in

Further information on these issues can be found in Locality’s comprehensive and free online publication, [To Have and To Hold](#).

3.2 Assessing options for use

One of the first steps is to identify the community needs that a heritage asset could accommodate and the range of uses that would be both appropriate and viable.

It may be possible to raise extra revenue through more intensive or different uses of the asset. Ideas can be generated through consultative events or by studying examples of what has worked in similar situations elsewhere. At the start of a project the outcome is often unclear, with considerations such as relevant permissions and consents to be negotiated. This risk can be considerably reduced if contact is made with the local planning authority at an early stage in the project. During the development period, interim or ‘**meanwhile**’ uses such as storage or artists’ studios can help to keep the building aired and secure. In addition, ‘meanwhile’ use can play a vital role in helping

to keep the public interested and involved. It may be worth considering a live-in guardian under a temporary occupation agreement.

To meet the requirements of a new occupier, a building might need to be altered or extended. In the case of a park or other open space, new development might be required to provide additional facilities or services as an income stream. Whereas a private developer may be primarily motivated by the prospects for securing a profitable end-use, community organisations will aim to marry up the financially viable use of the building with meeting community needs. There may be options for community organisations to work with private sector partners to secure the long-term sustainable use of the building.

It is important to ascertain whether any land adjoining a heritage asset (such as a car park) has development potential, bearing in mind that the surroundings or its 'setting' will be protected. If new development is possible, such as a new building or an extension to an existing building, the value of the land can be used to help fund the heritage asset. Some form of public/private/community partnership may be appropriate.

Carrying out a viability study (see [Glossary](#)) at an early stage is useful. There may be funding to support this work. It is an initial assessment of the project looking at:

- the condition of the building and whether any work is needed to refurbish the asset or make it fit for purpose
- where refurbishment or reconfiguration is needed, a ballpark cost for the capital work needed
- the likely purchase cost for the asset (if applicable)
- options for raising capital for purchase and/or refurbishment
- the community benefits of acquiring and refurbishing the asset

potential revenue income streams for the building and likely running costs

- the capacity of the community organisation to make the project work, including the skills/expertise of the Board, the legal structure of the organisation, and available resources (both human and financial)
- strategic fit of this project with the wider work of the organisation

This initial assessment should result in an informed decision as to whether or not to proceed. Be realistic at this stage. A key issue is whether there are enough people involved with the skills, time and enthusiasm to make it happen.

If the view is positive, then a viability study or 'options appraisal' (see [Glossary](#)) will test out potential uses and funding sources, with the aim of finding the best way forward. (HLF has produced guidance for [preparing viability studies](#).)

This stage requires a detailed brief to ensure that the study prioritises the necessary answers and represents value for money rather than repeating information already in the public domain. It usually involves professional work to cost and value the options; some design input on the best ways of using the available space; and entrepreneurial flair in thinking about imaginative uses or approaches to development with initial market research to test the viability of these ideas.

Other work such as condition surveys, while costly, are a vital investment at this stage to assist in assessing risk and avoid unforeseen or abortive expenditure on repairs that can overwhelm a voluntary organisation. Where the aim is to buy a heritage asset, the viability study should also include a valuation. Ask the local authority for all relevant documentation for the property: for example, an up-to-date condition survey, all the recent maintenance and repair records, plans and drawings, asbestos registers, information on provision of services, any conservation or disaster management plans, its entry on the Historic Environment Record,



A



B

Images

A The concept of experimenting with possible new uses has been employed to great success by [Battersea Arts Centre](#) in their ‘playgrounding’ approach to developing ideas. See the case study for more details.

© Battersea Arts Centre

B See the [Turner’s Lodge](#) case study for an example of adapting to changing market conditions.

© Graham Barrow

and any historic significance or other relevant information.

As well as a viability study showing refurbishment and conversion costs, there needs to be a business plan for how all the running costs are to be covered including maintenance, security, insurance and loan repayments. As this can require professional advice funding may be required. Where work is being undertaken by local authorities and partners on securing efficiencies through co-location of services, the more intensive re-use of a heritage asset could

prove the best solution to a number of problems. It is important to consider how robust potential income streams are. For example, could co-location plans be derailed by ongoing reductions to local authority budgets? Circumstances can alter quickly, so it is important to keep plans under regular review. The Prince’s Regeneration Trust and Churches Conservation Trust [guide](#) and HLF’s [Project business plan guidance](#) are both useful resources at this stage.

There are plenty of good examples where buildings that were redundant now house a multitude of voluntary organisations or creative businesses. The most appropriate use for surplus town halls is often as a meeting place, conference or arts centre, thus allowing continued public access. However, these uses can require large-scale investment. Heritage buildings can have high running costs so consideration should be given to energy efficiency measures as part of an overall refurbishment process. The Prince’s Regeneration Trust’s [Green Guide](#) and HLF’s [Reducing environmental Impacts: good-practice guidance](#) are both useful resources on this issue.

Viability studies can be expensive, but they can help in negotiating an agreement, once interest has been generated in possible uses. Helpful advice for community groups on how to commission professional work is explored in Locality’s [Making Buildings Work for Your Community: Design, Refurbishment and Retrofit](#) and [To Have and to Hold](#). The viability study process is also set out in *Making Industrial Buildings Work* (Stratton *et al* 2000), which provides further examples of adaptive re-use that have involved local authorities and community organisations. Examples of viability studies on buildings, mainly in the north-west of England, can be viewed on the [Heritage Works website](#).

It may be possible to raise funding for a viability study or options appraisal, for example with start-up grants from [HLF](#) (from £3,000 to £10,000) or [Project Viability Grants](#) from the Architectural Heritage Fund (maximum £3,000) to help fund this essential work.

Tip

After consultation, form a steering group (see [Glossary](#)) of the different stakeholders to take the asset transfer process forward and ensure that the group is led by an experienced person with adequate support.

Checklist

- Have all potential uses for the building been considered – for example, housing, offices, leisure and so on – and the most promising options market-tested?
- Is there a need for space for community activities and has demand been sufficiently assessed?
- Has an options appraisal been carried out, with an assessment of the likely costs and benefits of various different options?
- If the asset is being purchased, how does the asking price compare with the valuation? Can an acceptable purchase price be negotiated?
- Could a combination of different uses be the key to maximising income and funding potential?
- Does the configuration of the asset or its condition rule out some uses, or suggest others?
- Have pre-application discussions been held with the local planning authority regarding any development proposals (including change of use) and any other work that will require their permission or consent?
- If the heritage asset has statutory designation (such as a listed building), or is recognised locally as worthy of protection, have the constraints on use and alterations been clarified with the local planning authority?
- Will the heritage asset need to be repaired or adapted before the community can make use of it?
- If the asset requires substantial investment in renovation and conversion, can the work be phased, and the asset transferred to the community in stages?
- Have options for increasing energy efficiency been considered?
- Have similar projects been visited and studied, to learn from their experience?
- Are there viable commercial uses that would attract a private investor, and would they be sufficient to overcome any ‘conservation deficit’?
- Are there financially viable uses for the asset that would cover the ongoing running costs?
- Is land available for ancillary uses (for example, car parking) or for an extension to provide additional accommodation, (for example, lettable space to provide revenue, or a circulation tower to resolve disabled access issues)?
- Is there potential for new-build development on adjoining land to [cross-subsidise](#) the restoration or re-use of the heritage asset?

3.3 Developing and maintaining support for the project

Every project is different according to the type of asset involved and local circumstances, including the strength of community support and the scope for raising funds. The case studies which accompany this guidance illustrate a range of different projects.

Ownership and/or management of a heritage asset by a community-based organisation are most likely to succeed when:

- there is a broad base of support in the community, not just within the group, who are committed to supporting the asset
- there is a clear vision and understanding of the future benefits to the community as result of the transfer process
- volunteers can supplement the work of paid staff (or vice versa)
- the organisation brings relevant experience and skills
- there is potential for capital funds from a wider range of sources than either the local authority or a private owner could access
- there are good relations between the community group and the local authority

- where appropriate, a suitable partner has been selected to work on the project
- when an appropriate window of time can be relied upon in order to make the necessary investigations and develop the proposal

In practice, this means that community organisations seeking to take on the ownership and/or management of a heritage asset should have pre-existing roots and links into the relevant community. Where these do not exist, links should be forged with voluntary and community groups in the area. This should happen at an early stage, when the purpose is still being defined. Refer to HLF’s [guidance for community participation](#).

The longer-term challenge of maintaining people’s interest in a project can be difficult. Evidence suggests that people are much more



The [Arnos Vale](#) case study demonstrates the benefits of maximising volunteer effort with a variety of meaningful roles.
 © Arnos Vale Cemetery Trust

likely to support a development over a sustained period of time when they can have direct input into the plans supporting it. In order to create a variety of roles that people can undertake at different times, however, participation has to have value and be important to those taking part to continue their involvement.

Tip

Build good relations with the local authority, including councillors. Council officers may be able to offer support and advice both at the outset of a project and in the longer term.

Checklist

- Is the heritage asset suitable for commercial use (that is, is it profit-generating), and is that likely to be compatible with its heritage significance?
- Have local market conditions been adequately assessed and understood?
- Have potential developers or development partners been properly considered?
- Is there an organisation, such as a building preservation trust, with an interest and track record for bringing vacant heritage assets back into good use that could support community ownership and/or management of the asset?
- Does the community organisation or steering group include individuals who will provide the necessary driving force to get development going and sustain it over a period of years?
- Have organisations been identified which have assumed responsibility for comparable assets and which can be approached to find out more about the associated challenges and opportunities?

- Has a written undertaking or statement of intent regarding the transfer or purchase of the property been obtained from the local authority before costs are incurred in carrying out detailed studies or preparatory works? If the property is on the open market, what is the likelihood of the community organisation being the successful bidder?
- Is the governance model (for example, incorporated charitable body, industrial and provident society, and so on) right for the project?
- If a community share issue is being considered, has specialist advice been sought on the governance structure?
- Does the project offer a variety of meaningful roles to encourage and maintain different people's interest?

3.4 Managing the risks

Development inevitably involves risks of various types. These need to be fully understood, assigned ownership, mitigated or averted and resolved for each stage of the project. External advice will be required if the organisation does not have sufficient experience of the risks that they may be faced with. There is helpful guidance on risk analysis in [Managing Risks in Asset Transfer](#) and in the [Quirk Review](#). Some of the principal areas of risk and uncertainty are as follows:

Legal issues

Any project involving changes to an asset, whether change of use or physical alterations, is likely to be subject to planning, building, safety and environmental regulations. At the outset of the project there are likely to be some uncertainties regarding what consents or permissions may be required, and whether the asset complies with relevant regulations. For example, it would be necessary to check if the means of access to a public building complies with current regulations, as physical alterations to improve access could

prove to be costly. The local authority may be able to provide technical help and expertise on issues such as asbestos, legionella, fire risk and accessibility. Otherwise, professional advice should be sought to clarify which regulations and controls are likely to apply, whether it is possible to comply with them, and any costs or delays that might result. These include:

- **Building Regulations** to ensure that buildings are safe, healthy, accessible and sustainable
- **Health and Safety regulations**
- **Construction (Design and Management) Regulations 2007** which require that a Construction, Design, Management Co-ordinator be appointed
- Regulations concerning access and anti-discrimination regulations under the **Equality Act 2010**
- **Planning** legislation and guidance
- Heritage-related consent regimes, such as listed building consent or conservation area consent, both administered by the Local Planning Authority, may be required. Scheduled monument consent, administered by Historic England, may also be required
- Regulations to protect areas of wildlife habitat or ecological importance such as **Sites of Special Scientific Interest (SSSI)**
- Environmental regulations, for example to deal with **waste**

Project development costs

Cost control is essential for any community organisation. Estimates of repair costs should be based on an inspection and report by a professional adviser with specialist conservation experience, before change of management and/or ownership is agreed. Historic England provides advice on **managing heritage assets**, including advice on how to commission condition surveys.

In addition to the costs of repairing the asset and adapting it for use, there will be other costs to be estimated and taken into account such as professional fees, administrative charges, VAT, insurance and operational costs. Where a building is owned by the local authority, it may be the most cost-effective option for the local authority to carry out the repairs before asset transfer as it will be exempt from paying VAT. There are also costs related to securing the asset and keeping buildings secure or 'wind- and weathertight'. These works may include mothballing part of the building, or undertaking a 'facelift' to make it more attractive, without going to the major expense of bringing it back into beneficial use all at once.

The Transfer of Undertakings (Protection of Employment) Regulations (TUPE)

If there are staff managing or operating the asset, then TUPE is likely to apply in the event of a change of ownership. TUPE is complex and it is advisable to take professional advice in any situation where these regulations could apply. TUPE can be a significant risk factor, particularly for small community organisations and where staff are transferring from the public sector. Further information on TUPE can be found in the **Asset Transfer Unit Legal Toolkit** and in the **Acas guide**.

Fundraising (see Section 3.7)

The risks of raising finance will be influenced by location (for example, whether it is an area eligible for grants), as well as the nature of the asset, strength of local support, potential for matched funding, and development opportunities. The risks can be reduced by establishing an appropriate form of organisation (see **Section 3.6**) and a phased approach to project development.

Operational costs

These include heating, insurance and security, as well as maintenance, planned and unplanned. Items with large costs, such as boilers, may have to be repaired or replaced. There will also be the issue of how much to invest in reducing energy costs, for example through extra insulation, low-energy lighting, or some form of renewable



See the [Wells Maltings](#) case study for an example of fundraising for buildings in staged phases.

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energy source. A ‘whole life costing’ exercise could help in deciding on the best long-term solution. See The Prince’s Regeneration Trust’s [The Green Guide to Historic Buildings](#) and Locality’s [Building Calculator](#) for more on the subject.

Tip

Look for ways of phasing building work and attracting income-raising uses incrementally.

Checklist

- Has a comprehensive risk register been compiled and kept up to date and its recommended measures implemented?
- Are steps being taken to comply with all relevant regulations and legislation (as detailed above)?
- If TUPE could apply to the project, has suitable professional advice been sought?
- If the asset is owned by the local authority, is there some form of ‘expectations document’, setting out responsibilities of each party, support offered, and how the asset will be run?
- Are there adequate arrangements for reviewing both the development strategy and the financial performance?
- Is the project in touch with (and drawing advice from) other similar projects or appropriate sources of advice and expertise?
- Is the business plan flexible enough to cope with the unexpected (for example, cost overruns)?
- Is it possible to develop the project in stages, for example by mothballing parts of the asset or accepting a lower specification as an interim measure?

3.5 Agreeing terms

Once there is a clear and agreed plan for acquiring an asset, progress will depend on agreeing the terms. Moving forward will depend on the ownership of the asset and whether acquisition of that asset will be subject to a competitive bidding process.

The terms on which a heritage asset is transferred need to strike a balance between the financial interests of the local authority and securing social, economic or cultural benefits for the community. These include the benefits of maintaining heritage assets in sustainable uses. Both parties should have access to an independent survey and valuation of the asset before reaching agreement.

In some cases the local authority will transfer to a building preservation trust to carry out the building works before onward transfer to a community group. Councils can also use compulsory purchase order (CPO) powers (see [Glossary](#)) to acquire heritage assets and then transfer them onwards. (This was the case with the [Hastings Pier](#), see case study.)

The transfer of assets may involve the progressive transfer of an interest in land or buildings, for example:

- 'Meanwhile' lease (see [Section 3.2](#))
- Licence (eg the right to use property on certain terms, but without security of tenure)
- Short-term lease (eg less than seven years);
- Long-term lease (eg over 25 years and often 99 or 125 years)
- Freehold (eg either on a sole basis or through a joint partnership arrangement)

Options include allowing a community group to start occupation on a licence and then take on a lease at a later date as it gains maturity and the level of investment increases. A licence may enable the building to be occupied and used without granting any long-term rights, but legal advice should be sought in drafting such a licence. An option may be granted to purchase



The importance of the council undertaking essential repairs before the transfer takes place is referred to in the [Jesmond Library](#) case study.

© Bailey and Co

the lease for a prearranged ‘consideration’ (or value). Option agreements to acquire leases are potentially a good way of giving community groups the security to start raising finance.

One possible arrangement, particularly outside of major conurbations, is for the head lease of an asset to be taken on by a town or parish council and then sublet, or licensed, to a community group. The asset may be transferred with a ‘dowry’ to cover the costs of expected refurbishment works, as set out in a schedule of dilapidations.

Experience shows that local authorities and community groups who work together and share appropriate information enjoy a much easier and less costly asset transfer process. Negotiations about the terms of transfer should result in notes of agreed points so that both parties have a record of these from the outset. Setting a provisional and realistic timeframe for the asset transfer will also focus the minds of those involved. Such notes may also be helpful later, particularly if personnel or attitudes change. Some local authorities seek to ensure a positive ongoing relationship through the signing of an ‘expectations document’ or framework agreement so that both parties are clear about each other’s position. Guidance and model templates to support these stages are available in Locality’s [Legal Toolkit](#).

Being clear about the expected costs, and the project’s income generation potential, should make it easier to reach agreement on what is a reasonable value for the asset as it currently stands. A viability study can help to answer questions about the likely level of demand for a set of proposed uses. Similarly, an up-to-date condition survey can help to determine the level of investment required in repairs. An independent valuation commissioned by the community organisation can be the starting point for negotiations. Any covenants or restrictions on the use of the building may affect the value of the asset.

The key subject areas of the lease or freehold are initially captured in a Heads of Terms (see [Section 7](#)). The parties should ensure that

these tie in with their respective needs and any conditions that may affect the change of ownership, for example charitable issues, powers, policy or funding requirements. The Heads of Terms should form the basis of the formal lease or freehold documentation but consideration should also be given to any other agreements that need to be entered into.

In addition to the leasehold or freehold arrangements, related documents might include:

- acceptable legal forms and governance arrangements to ensure that the asset will be retained for community use. For example, the local authority may require a place on the Board or the right to send an observer to board meetings
- a development agreement or maintenance and management agreement to regulate how any repairs and/or improvements are to be carried out and how any public areas are to be maintained
- services on behalf of the transferring public body and any obligations that need to transfer across with the asset, for example in connection to existing occupiers or staff under the TUPE Regulations 2006.

Tip

Local communities and volunteers often have passionate commitments to maintaining heritage buildings. Nevertheless, it is important to put passion aside and approach negotiations professionally and appreciate that your vision and enthusiasm may not be shared by all, at least initially.

Checklist

- Do the terms agreed take into account any liabilities, including the cost of repair (if necessary), and future maintenance?
- Is a joint venture or partnership agreement more appropriate than outright sale?
- Is it clear who the negotiating parties are and do they have the authority and necessary skills for the negotiation?
- Has plain English been used in writing all documents (for example, the expectations document, framework agreement, Heads of Terms (see [Glossary](#)))?
- Is there a plan which describes the land and buildings that are subject to the transaction? Do the vendor and the community organisation agree about what should be included and excluded?
- Where possible, has a provisional but realistic timescale for transfer been set?
- Are there any restrictions or obligations (for example, land title documentation, funders' conditions, a Section 106 agreement, or a requirement by the local authority to maintain or subsidise particular uses?) and are they addressed in the resulting documentation?
- What are the fallback arrangements if the project fails or one of the partners cannot fulfil their obligations under the agreement?

More assets are being acquired from private, public or third sector owners through an open market purchase. In these circumstances there will be different considerations for the community organisation depending on whether this is an agreed sale or a competitive bidding process. Many private owners of heritage assets will welcome interest from a community organisation and may be willing to work collaboratively to facilitate the sale. Where this applies, it will be important to negotiate a realistic timetable for the purchase which will allow the community organisation time to develop its business plan and raise the finance for purchase. If the purchase is subject to a competitive bidding process, the community organisation will need to conform to that timetable. Where the building is listed as an 'Asset of Community Value' (see B1), a moratorium may be invoked to allow the community organisation up to six months to develop their plans and raise the necessary finance. This timescale is challenging, but funding may be available to support community organisations through this process.

Further guidance is available from the My Community Rights website:

mycommunityrights.org.uk

3.6 Building an effective organisation

Taking responsibility for a heritage asset (or part of one) can be both a time-consuming and complex undertaking. It is important that a group or organisation taking on such a responsibility has sufficient capacity to do so in terms of people, skills, experience and organisational effectiveness. In the case of a community asset transfer, the local authority should, as part of its due diligence procedures, ensure that the recipient organisation can deliver the objectives of the transfer successfully.

Successful community asset transfer is dependent on the community organisation having access to both technical advice and organisational development support. Access to the required advice can come either directly through the membership of the group itself, from the local authority, or via an external source (access to which may incur a cost). Failure to obtain the necessary advice can lead to time, effort and resources being wasted and will potentially jeopardise the project. A list of possible sources of advice can be found in [Section 7](#).

It is the responsibility of the community organisation to ensure that it has the capacity to successfully acquire and manage the asset. A key element is the board: the number of board members, their skills, clarity about roles and responsibilities, the time they are able to commit to the project and a robust succession plan. The people involved and their abilities to run the organisation are a key element when funders look at applications for investment.

The board can address the issue of capacity by:

- carrying out a review of organisational capacity and reviewing that capacity at agreed junctures
- developing and implementing an organisation development plan



The [Stanley Halls](#) case study demonstrates the value of combining a board with the right mix of skills with advice from relevant community organisations elsewhere in the country as well as specialist providers. © Angie Davila

-
- identifying sources of third-party advice, ensuring that where necessary a budget is set aside for commissioning that advice
 - establishing a project team (see [Glossary](#)): where appropriate this may include representation from the local authority
 - appointing a suitable co-ordinator or project manager

While a project manager may be a member of the community organisation, it is important that they have relevant previous experience, can commit sufficient time to the project and have the trust of all involved. Selecting an effective and suitably resourced project manager is vital to the success of larger projects.

Tip

Look at a variety of ways of building capacity within the group, including identifying a mentor, with direct experience, who can provide the group with support and advice on an ad hoc basis.

Checklist

- What changes, if any, will the organisation have to undergo to respond to the new responsibilities that come with owning and managing a heritage asset?
- Does the organisation have the right legal structure to manage the heritage asset and realise its economic, social and cultural potential?
- Has a 'skills audit' been undertaken to ensure that the organisation has the capacity to follow the project through?
- Is the organisation overly reliant on just a few individuals? Are responsibilities spread amongst sufficient numbers?
- Will commitment be retained in the medium and long term once the original enthusiasm has passed?
- Are steps being taken to build capacity within the community, for example by funding professional advice or project management, employing a mentor, or setting up 'groups of three' to take on specific responsibilities such as fundraising?
- Do the business plan and the capacity and experience of the organisation match up to the scale and complexities of the asset?
- Does the organisation have the appropriate systems in place? Are additional quality systems required? Do accounting or HR systems need to be upgraded?

3.7 Raising finance

Most development projects depend on raising finance from a variety of sources. With increasing competition for funding, projects need to become more effective in identifying the most appropriate sources, and in putting together successful bids.

Part of the funding for development may come from bank loans, but grants or 'soft loans' can make all the difference to whether a scheme is viable. A 'soft loan' is a loan with below-market-rate interest, usually provided by the Government or social finance lenders to projects considered valuable or worthwhile. It is vital to know whether offers of funding have any restrictions or obligations that need to be met. For example, is the lease long enough to attract grants towards conversion to a new use? For example, HLF requires a lease with between 5 and 20 years left to run after the expected date of your project's completion (depending on grant applied for), and commercial lenders can require a minimum term of 80 years.

Before exploring options for investment, it is useful to consider whether the applicant and the project meet the key criteria investors are looking for:

- Is the project viable in revenue terms? Once any repairs, renovations or extensions to the asset are complete, is it likely that income will exceed the running costs?
- Have the risks of the project been accurately assessed and can they be effectively managed?
- Who is involved with the project – are there enough people with the skills, commitment and enthusiasm to carry the project through?

The different sources of **funding** can be grouped into the following types:

Government grants will usually be for end uses if there are economic benefits and the location has been targeted for assistance.

Lottery funds include not just HLF (see [Section 7](#)), but also the [Arts Council England](#) and [Big Lottery Fund](#), both of which have assisted the re-use of many heritage assets. HLF is the principal source of funding for heritage assets, offering a range of

grants from as little as £3,000 to £5 million and more. The application process is competitive, with grants awarded to those projects that offer the best value for money in terms of benefits for heritage and for people. Depending on the size of grant required funding might be available to help with the costs of developing a project, including professional fees and necessary investigative work (such as a condition survey). HLF also offers an online [pre-application advice](#) service.

Local government can be important in supporting uses. It may also provide funding for repairs or negotiate funding from the private sector through Section 106 agreements, and through Landfill Tax for environmental projects.

The Architectural Heritage Fund (see [Section 7](#)) is an important source of [funding](#) for buildings being transferred to building preservation trusts and other not-for-profit organisations throughout the UK. It gives grants for viability studies (up to £3,000), and project development (up to £20,000), as well as loans for acquisition or working capital of up to £750,000 at competitive interest rates secured by a charge on the property or a guarantee of repayment.

Charitable trusts and foundations only tend to support very specific uses. Information can be obtained from [Funds for Historic Buildings](#).

Loans may be available to charities from specialised institutions such as the [Charity Bank](#), [Unity Trust Bank](#) and [Triodos](#), as well as from banks and building societies in cases where the risks are small. Other sources of loans, grants and professional help include [Community Land Trusts](#), and [Big Society Capital](#) is increasing the availability of loan finance through a range of intermediaries across England.

Community investment is a way of raising money from communities through the sale of shares in order to finance enterprises serving a community purpose. Unlike charitable fundraising, [community investors](#) can get their money back (subject to specific terms), and some also receive financial compensation in the form of interest on

the money they invest. Community shares can lever community engagement in addition to the financial stake. This is important if the business model for the asset relies on the use of the asset by the local community. The Community Shares Unit provides up-to-date information on share issues through the [Microgenius](#) website.

In addition to grants and loans, it may be possible to generate funds from the development of adjoining land (often as part of a Section 106 agreement), or by commercial development of the asset itself, for example by selling on part of the asset for commercial use (subject to the agreement of the local authority).

Tip

Think in terms of putting a ‘funding cocktail’ together, and start with the most likely source of finance for each element, learning from the successes and failures of other projects. Map out the conditions attached to each funding source and the deadline for submission.



The [Battersea Arts Centre](#) case study shows how multiple funding sources can be brought together to enable a complex development to move forward.

© Morley Von Sternberg

Checklist

- Have the main sources of funding for which the project would be eligible been identified and are their funding requirements fully understood?
- Is the necessary supporting information available to enable bids to be submitted to funders, such as building surveys, ecological surveys, a conservation plan or statement of significance, forecasts of costs and income, and assessments of the community benefits that would flow from the project?
- Have pre-application discussions taken place with potential funders?
- Have project costs been properly assessed and defined, including allowances for inflation and contingencies to cover unforeseen circumstances?
- Has the time required to raise the necessary funds been factored into the planning process?
- Are the deadlines for submission, the information required and the presentational format clear?
- If match funding is needed, can volunteer time and other pro bono contributions or donations be counted towards the match? Have the opportunities for getting fundraising work done on a pro bono basis been fully explored (for example, secondments)?
- Has contact been made with other projects which have been successful in their bids, in order to gain their insights on success?
- Have the opportunities for generating local investment been fully explored (for example, community shares)?
- Are arrangements in place to allow sufficient sub-letting to cover expected costs?

- Are the terms of the agreement sufficiently flexible to allow for changing circumstances?

3.8 Maintaining long-term viability

In taking on responsibility for a heritage asset, the community organisation must be able to demonstrate to the local authority, funders and its own supporters that it has a viable long-term project. This means being realistic about future operational and repair costs, and allowing for changing circumstances. A 'whole life costing' exercise will help the organisation to understand the ongoing repair and refurbishment costs for the asset. The results will feed into the development of the business plan. More information on whole life costing is available at Locality's [Building Calculator](#) website.

The business plan should also include information on the expected overheads (including insurance, utility bills and management costs) as well as maintenance. The capacity to cover the running costs will be critical. HLF stresses the importance of understanding full cost recovery, so that organisations take proper account of their overheads. See HLF's [Understanding Full Cost Recovery](#).

Particular care needs to be taken with projects that propose cross-subsidy of some activities by others, for example, where it is assumed that surpluses from some elements (eg rental income from workspace), will cover the costs of others (eg community use). The best way of covering all the costs is to have a wide enough range of uses and activities to ensure that if one fails another will take its place.

Particular attention needs to be paid to market research and estimates of both capital and revenue costs to ensure that they are as robust and comprehensive as possible.

It is also important to think about how the transfer process will be evaluated and the beneficial outcomes assessed. Many funders will ask you

to think about how you capture the difference a project has made and to report periodically on the results. Evaluation is important, not just for satisfying funders, but also for demonstrating the benefits to both communities and the heritage assets themselves. It can also provide an invaluable insight into what has worked, and what has not, and what needs to be done differently in the future. HLF has produced some useful guidance on [project evaluation](#).



John Battle and Danny Whiteley, receiving the keys to Bramley Baths from Councillor Adam Ogilvie, then Head of Leisure and Sport at Leeds City Council. The [Bramley Baths](#) case study is an example of how a group progressed from an initial campaign to manage a swimming pool for local people.

© Lizzie Coombes

Tip

Put realistic figures into the business plan to allow for the cost of ongoing management and maintenance. Consider preparing a Management and Maintenance Plan to identify the actions you will need to undertake to look after the asset in the future, who will do it, when and how much it will cost (HLF requires a Management and Maintenance Plan for all capital projects receiving a grant of more than £100,000). Use a financial adviser with relevant experience who will have a duty of care to your project and who will assist in financial planning.

Checklist

- Has a robust and realistic business plan been drawn up, taking into account how the project (or neighbourhood) may change over a 5-10 year period?
- Is the business plan kept under regular review?
- Does the business plan allow for contingencies – unforeseen costs or unexpected price rises?
- Is there sufficient business expertise available, either in-house or from external advisers?
- Does the community group have a wide enough remit or flexibility in terms of the lease to ensure long-term viability, for example with regard to sub-letting?
- Are there arrangements in place for the condition survey to be regularly updated (on a four- or five-year rolling cycle)?
- Have running costs been properly estimated over the next 5 to 10 years?
- Is it possible to reduce long-term running costs by investing in energy-saving measures or more efficient building services?
- In relation to a community asset transfer, what sort of aftercare package will be in place post-transfer to monitor progress and ensure long-term success?
- How will you evaluate the beneficial outcomes of the transfer process?
- How will the project continue to attract community support once the initial enthusiasm of reclaiming the asset has passed?

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5 Glossary

Asset an item of property in ownership, guardianship or lease. In terms of asset management, relates to land and buildings, but may sometimes include other moveable items (see Heritage Asset).

Asset Lock a restriction arising from an organisation's legal status that means that any surpluses are reinvested in the project or the building, and used to support the organisation's stated purpose. This provision ensures the asset always remains in community benefit.

Asset Management the activity that structures the land and buildings portfolio of an organisation in the best corporate interest of that organisation.

Asset Management Plan a plan covering the organisation's asset strategy, together with other related matters such as repair and conservation standards, major projects, and disposals.

Bencom an Industrial and Provident Society (IPS) Community Benefit Society (also known as a 'Bencom'), is a co-operative legal structure set up to benefit the community. The members are the owners, with an equal say in what the co-operative does.

Building Preservation Trust an organisation with charitable status whose main aim is to preserve and regenerate historic buildings.

Business case sets out the justification for a project, together with financial and non-financial assessment of various options, and makes recommendations.

Business plan a business plan is a written document that describes a business, its objectives, its strategies, the market it is in and its financial forecasts.

Community Interest Company (CIC) a limited company created for the use of people who want to conduct a business or other activity for community benefit. This is achieved by a 'community interest test' and 'asset lock' (see above). Registration of a company as a CIC has to be approved by the Regulator. For further information see <http://www.cicregulator.gov.uk/>.

Compulsory Purchase Order (CPO) under Part 8 of the Planning and Compulsory Purchase Act 2004 (<http://www.legislation.gov.uk/ukpga/2004/5/notes/contents>), local authorities can serve a compulsory purchase order (CPO) to acquire land by compulsory purchase if they think that it will facilitate the carrying-out of development, redevelopment or improvement on or in relation to the land, on condition that such an acquisition will be of economic, social or environmental benefit to their area.

Conservation the process of maintaining and managing change to a heritage asset in a way that sustains and where appropriate enhances its significance.

Conservation Plan a document setting out why a heritage asset is important and to whom, based on its heritage values (see below), and setting out management policies to ensure that its significance is conserved. It may identify development potential or limitations. Further information is available from HLF; see http://www.hlf.org.uk/HowToApply/goodpractice/Pages/Conservation_plan_guidance.aspx.

Development Trust a community-led and -run organisation, concerned with the economic, environmental and social regeneration of a defined geographical area. See <http://www.locality.org.uk/>.

Enabling development is the means of securing the long-term future of a heritage asset when conservation through development in compliance with policy cannot do so. See <http://www.HistoricEngland.org.uk/images-books/publications/enabling-development-and-the-conservation-of-significant-places/>

Head lease the original lease document from which all other leases are created to grant an interest in a property.

Heads of Terms represent an early agreement of key headings and principles before more detailed and formal documentation is agreed.

Heritage Asset a building, monument, site, place, area or landscape positively identified as having a degree of significance meriting consideration in planning decisions. Heritage assets are the valued components of the historic environment. They include designated heritage assets (as defined in the [NPPF](#)), and assets identified by the local planning authority during the process of decision-making or through the plan-making process (including local listing).

Heritage Champion usually a local councillor (though they are occasionally officers), that has been nominated by their authority to champion their local historic environment. The Heritage Champions network is a national scheme supported by Historic England.

Heritage values the aspects of worth beyond cost value attached to a particular asset, as defined in [Conservation Principles](#).

Maintenance routine work, both reactive and cyclical, necessary to keep the fabric of an asset in appropriate condition.

Mothballing securing a building and taking preventative measures to protect it from decay or damage while it stands vacant for an indefinite period.

NPPF the [National Planning Policy Framework](#)

Options appraisal a tool which defines the objectives of the project, then examines the ways in which those objectives can be achieved. This informs how the project will proceed.

Project team a group of key individuals, with relevant skills and experience, who in partnership with the Project Manager are responsible for the day-to-day running of a project. The project team will often report to a Steering Group.

Repair work beyond the scope of maintenance, to remedy defects - including minor adaptation - to achieve a sustainable outcome, but not involving restoration or alteration.

Section 106 Agreement is a way of dealing with issues which are required in order for a development to be deemed acceptable in planning terms. They are used to support the provision of services and infrastructure, such as highways and recreational facilities.

Social enterprise a business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Special Purpose Vehicle a legal entity (such as a charitable trust, not-for-profit or limited liability company, mutual society, cooperative, venture company or trust) created to fulfil narrow, specific or temporary objectives.

Statement of Significance (of an asset) a summary of the natural and cultural heritage values of an asset, which distils its particular character and importance.

Steering Group a group of senior representatives of the key stakeholders involved in the transfer process, which oversees the strategic direction of any project.

Third sector non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, (see above), cooperatives and mutuals.

Viability study an investigation into the potential benefits and risks associated with undertaking a specific activity or project. It is often used to refer to studies to develop proposals for a particular building or site. As such a viability study usually brings together a demand assessment, with related costs and likely sources of income, and may include alternative development options.

6 Different Types of Heritage Asset

Battlefields

These are sites included in Historic England's Register of Historic Battlefields.

Conservation areas

These can be designated by local planning authorities. The local planning authority should pay 'special attention' to the desirability of preserving or enhancing the character and appearance of that area, under Section 72 of the [Planning \(Listed Buildings and Conservation Areas\) Act 1990](#) as amended.

Listed buildings

These are buildings of special architectural or historic interest. The protection afforded to a listed building includes its interior and any historic fixtures and fittings. Objects or structures within the curtilage of a listed building, unless constructed after 1 July 1948, are also protected. The local planning authority shall have 'special regard' to the desirability of preserving the building or its setting or any features of special architectural or historic interest which it possesses (section 16 and 66 of the [Planning \(Listed Buildings and Conservation Areas\) Act 1990](#) as amended), when considering whether to grant listed building consent or planning permission.

Protected wreck sites

Under the [Protection of Wrecks Act 1973](#), the Secretary of State has powers to designate wrecks, or any objects contained or formerly contained in them, of historic, archaeological or artistic importance.

Registered parks and gardens

These are sites included in Historic England's [Register of Historic Parks and Gardens](#) of special historic interest in England.

Scheduled monuments

These are scheduled under the Ancient Monuments and [Archaeological Areas Act 1979](#) by the Secretary of State for their national importance. They can include remains of buildings, ruins and archaeological remains such as field monuments. They also include buried sites, sometimes built over by later development.

World Heritage Sites

These are inscribed under the UNESCO World Heritage Convention. All are subject to non-statutory [management plans](#).

There are other types of heritage asset that, although undesignated, can be a material consideration in the determination of a planning application:

Undesignated archaeological sites

Paragraph 139 of the NPPF states that non-designated heritage assets of archaeological interest that are demonstrably of equivalent significance to scheduled monuments should be considered subject to the policies for designated heritage assets.

Unlisted buildings

Where these make a positive contribution to the character or appearance of conservation areas and locally listed buildings where policies for their protection have been formally adopted by the local planning authority.

7 Where to Get Advice

The main national sources of advice available in relation to the transfer of heritage assets are listed below. At local level, advice is available from the local planning authority and the relevant [Historic Environment Record](#).

Action with Communities in Rural England (<http://www.acre.org.uk/>) is the national umbrella body of the Rural Community Action Network, which operates at national, regional and local level in support of rural communities across the country.

The **Architectural Heritage Fund** (<http://www.ahfund.org.uk/>) through its annual reports provides an excellent set of examples of reusing different kinds of buildings. There are building preservation trusts in many parts of the country, often county based, and while many of these started by using revolving funds, increasingly they focus on a particular building. The AHF offers support, advice, grants and low-interest loans to community groups, reporting and finding uses for listed buildings.

The **Asset Transfer Unit** (<http://locality.org.uk/our-work/assets/asset-transfer-unit/>) helps to empower local people and organisations to transform land and buildings into community spaces while supporting the development of the third sector. It is a service of Locality (see below).

The **Association of Chief Executives of Voluntary Organisations (ACEVO)** (<http://www.acevo.org.uk/>) is the leading voice for chief executives in the third sector. ACEVO supports, develops, connects and represents third sector leaders.

The **Churches Conservation Trust** (<http://www.visitchurches.org.uk/>) provides support at all stages of project development. To help others learn from their experience, project planning templates are published on their website: these cover governance, community profiles, consultation, assessments of significance, options development, business planning, and leases and licences.

Community Matters (<http://www.communitymatters.org.uk/>) champions voluntary and community action at neighbourhood level.

Historic England (<http://www.HistoricEngland.org.uk/advice/>) is the government's expert advisory service for England's historic environment.

Heritage Lottery Fund (HLF) (<http://www.hlf.org.uk/Pages/Home.aspx>) has been a key source of assistance for bringing historic buildings and places to new roles that encourage public use.

Homes and Communities Agency (<http://www.homesandcommunities.co.uk/>) is a non-departmental public body, sponsored by the Department for Communities and Local Government (DCLG). It is the national housing and regeneration agency for England.

Locality (<http://www.locality.org.uk/>) is the leading nationwide network of development trusts, community enterprises, settlements and social action centres. Currently, there are over 700 members in the UK.

The **Prince's Regeneration Trust (PRT)** (<http://www.princes-regeneration.org/>) is a world-leading regeneration charity that rescues and reuses important historic buildings at risk of neglect and dereliction, focusing on areas of deprivation that stand to benefit most from regeneration. PRT also offers expert advice, project management services and technical work to developers, local authorities, government bodies and others on a cost recovery basis through its social enterprise company.

SAVE Britain's Heritage (<http://www.savebritainsheritage.org/>) campaigns for the preservation of historic buildings and can be a useful source of useful information.

The **UK Association of Preservation Trusts** (<http://www.ukapt.org.uk/>) is the national network of building preservation trusts driven by volunteers in local communities to bring new life to historic buildings. It provides advice, support and opportunities to share best practice.

7.1 Contact Historic England

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Historic England

We are the public body that looks after England's historic environment. We champion historic places, helping people understand, value and care for them.

Please contact
guidance@HistoricEngland.org.uk
with any questions about this document.

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If you would like this document in a different format, please contact our customer services department on:

Tel: 0370 333 0607
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This guidance has been produced by Locality, on behalf of English Heritage, in consultation with experts in the heritage sector from the Architectural Heritage Fund, Heritage Lottery Fund, The Prince's Regeneration Trust and the National Trust. It has also drawn on advice from a number of other practitioners and organisations as well as the reports and publications referred to in the hyperlinks and listed in the bibliography.

Special thanks to representatives from Stoke-on-Trent City Council, Caistor Arts and Heritage Centre and Wells Maltings Trust for their time in contributing to the development of this guidance in their capacity as local government and community organisation consultees.

All case studies are available from the Historic England website HistoricEngland.org.uk/advice/caring-for-heritage/take-ownership/case-studies/

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