



# Community Asset Transfers

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# What is a Community Asset Transfer?

- Occurs when a public sector body passes on the management and/or ownership of a property asset to a community council or third sector organisation or community group
- Aim is community empowerment, ensuring the land buildings or services are retained or transformed and then operated for public benefit through the community asset ownership or management

# The National Framework

- Local Authorities have the power to dispose of land in various ways
- LA under a legal obligation to achieve best value for the property
- LA can however evidence best value while not obtaining the maximum capital receipt
- Long term implications and opportunities

# Today's focus

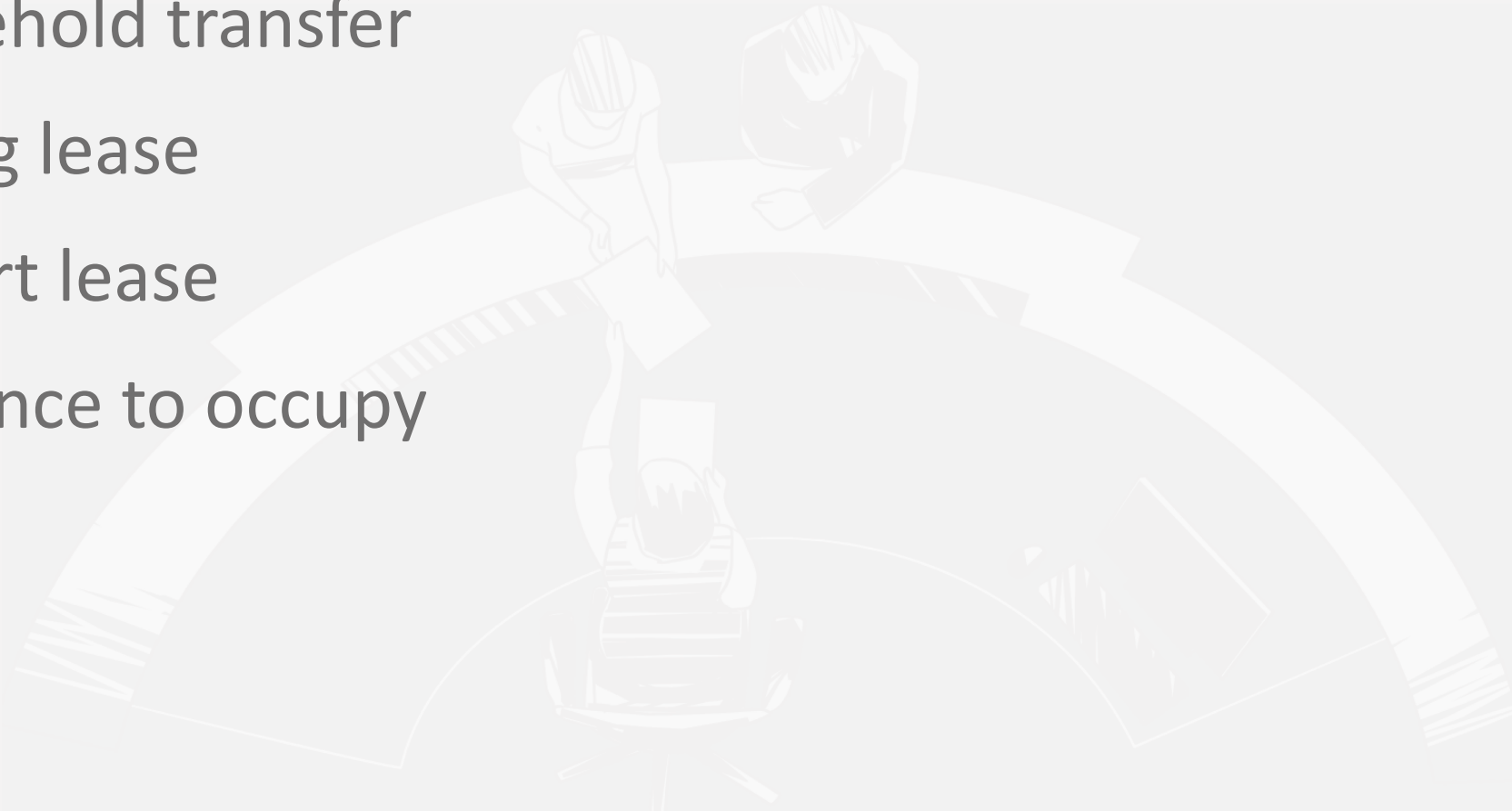
- CATs can vary widely from ownership of a property through to occupation agreements or management agreements
- Focus today is on the transfer of legal ownership of an asset
- Assuming that the charity involved is incorporated, so a limited company or a CIO
- Looking at this mainly from the Charity's point of view

# Case study

- Iconic local hospital building
- Corporate charity wanted to acquire it for a community centre
- Multiple uses
- Hiring out rooms to raise revenue
- Terrible state of disrepair
- Grant funding would be needed as well as other fundraising
- What should the terms of the CAT be?

# What form of ownership is appropriate?

- Freehold transfer
- Long lease
- Short lease
- Licence to occupy



# Freehold transfer

- Own asset absolutely
- Independent valuation by a surveyor
- Value of works done would be retained by the charity
- Would be an asset for the charity in the long term
- Would a capital sum be needed to purchase the freehold?

# Leasehold options

- The grant of a right to exclusive possession of land for a determinable period of time
- Contractual relationship and an estate in land
- Offer security and certainty for a tenant as an occupier of land as the freehold owner has restricted rights of access
- Limitation that asset will revert to the LA and along with it the value of works that the charity has undertaken



# Licence to occupy

- Fundamentally different to a lease
- Not an estate in land
- Simply permission to do something on the landlord's property
- A personal right
- No right to exclusive possession
- Flexible and inexpensive

# What terms do you need to consider on a freehold transfer?

- Price
- Restrictive covenants.
- Effect of restrictive covenants on Charity's ability to raise funds
- Overage provisions or clawback
- Due diligence required
- LTT and Land Registry requirements
- Compliance with the Charities Act 2011

# What terms do you need to consider on the grant of a long lease?

- Premium or rent?
- Rent review provisions
- Effect of works undertaken on rent review
- Condition of the property at the end of the lease term
- Repairing and decorating obligations
- Forfeiture – ending the lease by the Landlord
- Alienation – can I sell or underlet the Property?

# What terms do you need to consider on the grant of a short term lease

- Many of the same considerations as on a long lease
- Think carefully before undertaking capital works
- Will the term be long enough for grant funding?
- Should you have a schedule of condition?
- Should you include break clauses?
- Consider security of tenure

# What terms do you need to consider on the grant of a licence to occupy

- Terminable by either party on a fixed date and on short notice
- No exclusive possession
- Alternative accommodation clauses

# Sources of information

- Community Asset Transfers in Wales – A best Practice Guide to be found at:

[https://gov.wales/topics/people-and-communities/community-asset-transfer/best-practice-guide/?lang=en](https://gov.wales/topics/people-and-communities/communities/community-asset-transfer/best-practice-guide/?lang=en)

# Any questions



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