

Better Business Cases NI Supplementary Guidance

Appraising Community Asset Transfers

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1 Introduction

A policy framework for Community Asset Transfer¹ (CAT) in Northern Ireland was published by the Department for Communities (DfC) in 2014, where the policy intention was to support the then Programme for Government objective to invest in social enterprise growth to increase sustainability in the broad community sector. Under the framework:

- CAT is defined as “*a change in management and / or ownership of land or buildings, from public bodies to communities*”² and is described as representing a means of investing in regeneration and positive social, economic, and environmental outcomes in support of NI Executive priorities.
- CAT is positioned as a flexible tool with a broad range of applications ranging from management agreements and leases of varying durations, through to transfer of full ownership of an asset³.
- it is outlined that “*assets may be transferred at less than market value or ‘best consideration’*”, where the level of discount will be determined on a case by case basis, and must be commensurate with the level of anticipated non-monetary benefits, which would be judged on the basis of the nature of the asset, an assessment of the community organisation’s business plan and the extent of the public value⁴ associated with a transfer.

The CAT policy framework recognises that an asset transfer will not be the right option for all community organisations. It also recognises that a CAT will not always be the preferred option for asset owners, where disposal at full market value in the open market may be the preferred option, enabling proceeds to be reinvested back into service delivery. However, the policy framework facilitates community ownership / management as a mainstream option as part of the normal disposal of surplus assets process.

¹ See **Annex I** for a link to a copy of the NI CAT policy framework document.

² ‘Community’ ownership and management of public assets encompasses a range of third sector organisations e.g. voluntary and community sector groups, faith-based organisations, community enterprises and social enterprises. In this Supplementary guidance the term ‘community organisation’ is used in this broad sense.

³ All references throughout this guide to assets equally applies to land and buildings.

⁴ HM Treasury’s Green Book states: “*The social value of a proposal is the value it brings to residents of the United Kingdom. This is not limited simply to financial returns, but all the benefits, costs and risks that affect people’s wellbeing. Social value includes economic prosperity, justice, security, the climate, the environment, people’s health and wellbeing, as well as distributional effects. It relates to the whole population served by the UK government, not just the interests of the government itself or taxpayers alone. The term ‘social value’ is sometimes referred to as ‘public value’.....*” (Paragraph 2.4, The Green Book 2026, HM Treasury).

The CAT policy framework document outlines that a decision to transfer an asset to a community organisation must be supported by an economic appraisal. It also states that a decision ***“to dispose of an asset at less than market value carries an opportunity cost..... and for that reason the associated business case will be assessed with the same rigour as for a capital grant”***.

In this context this Supplementary Business Case Guidance provides advice on how to appraise CAT proposals. This guidance is not intended to cover all aspects of a CAT business case, but instead focuses on the key elements of guidance that have particular considerations for this type of proposal. For this reason, this guidance should be read in conjunction with the wider suite of [Better Business Case NI \(BBCNI\) Guidance](#), including where relevant: [Appraising assistance to the private, voluntary and community sectors](#); [Incorporating Social Value into Business Cases](#); [Appraisal of Accommodation Projects](#); as well as general guidance on the five case model approach.

Additional resource materials and points of contact, which CAT appraisers may find useful, are included at **Annex I**.

2 Guiding Principles

2.1 Proportionate Effort

The scale and scope of CAT proposals can be wide-ranging owing in part to the variety of formats that a CAT can take. A CAT proposal could relate to the transfer of ownership of a high value asset, alternatively it could relate to a short-term lease of a much lower value asset. For this reason, **CAT proposals should be appraised in a way that is proportionate to the likely costs and risks** involved.

Proportionate effort should be judged primarily on the total public sector funds⁵, inclusive of opportunity costs, involved over the life of the CAT proposal under consideration. The Department of Finance's (DoF) [note on proportionate effort](#) may be useful when deciding how much effort and detail is appropriate.

2.2 Avoid Duplicated Effort

Duplication of effort and documentation is unhelpful and should be avoided:

- including within a business case strategic case excessive background material on relevant legislative requirements, policies and strategies can represent an unnecessary waste of time and resources. A succinct overview of how the proposed CAT proposal will deliver against, and contribute to, relevant legislation, policies and strategies is sufficient. Business cases should not generally contain more than two pages of this type of information.
- it is not a good use of time to repeat material provided in a CAT applicant organisation's business plan in the business case document. While an independent assessment of the contents of the business plan must be completed and recorded, duplication is discouraged. For example, where a CAT applicant has presented an evidence-based case for the need for the activities that will be delivered through the CAT asset, the business case should not generally need to reproduce it, rather it may be sufficient to record that the applicant's need assessment has been considered and that it is accepted or rejected.
- where a CAT forms part of a wider project that involves more than one source of public funds, the relevant funding bodies, including the asset owner, **can avoid duplication of effort by co-operating to produce a single business case. This approach enables project costs and**

⁵ Including NI, UK, and EU funds.

benefits to be considered holistically. As a rule of thumb, the funding bodies should supply resources to the business case broadly in proportion to their proposed shares in the overall funding of the proposal. It is often appropriate that the major public funder takes the lead in co-ordinating and ensuring completion of the business case. When it comes to the stage of assessing completed business cases, cooperation between funding bodies is also likely to be beneficial.

There may, however, be cases which require a substantial business case document to be developed for a CAT proposal. It is important that relevant advice and expertise is sought through the business case development process to ensure quality and guidance requirements are met.

2.3 Scope of Appraisal and Use of Pro Formas

CAT business cases should generally cover the entirety of the project, not just the asset transfer element of it. For instance, a business case should detail all projects costs, benefits and funding sources, including those falling to the public sector, voluntary and community sector, as well as to the private sector. This is to enable a judgement of the overall value for money and viability of the proposal.

CAT business case documentation **should confirm: the strategic fit, need for, and additionality associated with the project; that it maximises public value taking account of costs and benefits (monetary and non-monetary), as well as risks, constraints and dependencies; and that it is viable. It should cover affordability and appropriate arrangements for management, monitoring and evaluation. There should be a confirmation that the CAT proposal represents value for money.**

The appraisal of CATs can be facilitated by designing business case pro-formas in line with the principle of proportionate effort. DoF will develop pro-formas in due course, which will be published on the BBCNI website.

Where assessment of proportionate effort deems the use of the Five Case Model appropriate, this guidance (Section 4) outlines areas of consideration for each of the five cases. It may not be appropriate in smaller cases to undertake a Five Case business case. However, they should generally seek to ensure that the key areas outlined in bold above are satisfied in all cases, taking account of the contents of Section 4 where relevant.

3 Community Asset Transfer and the Business Case Process

An overview of how a CAT is practically implemented as part of the Land and Property Services (LPS) disposal of surplus assets process, including roles and responsibilities, as well as the required timeframes for the business case, is set out in **Annex II**.

A review of the CAT business case development process was undertaken by the Department of Finance (DoF) in 2022 which identified aspects of CATs that can add to the complexity of the business case process, including:

- whilst there is an overarching CAT policy framework, each asset owner requires to operate within the parameters of their own legal and policy frameworks, specifically:
 - an asset owner's legislative authority to consider *less than market value* disposals; and related to this, the level of approvals required for *less than market value* business cases.
 - each department operates within a defined legislative remit and may expend resources for purposes covered by its remit.
- there is no standard CAT - rather each can vary in terms of *inter alia*:
 - a. the type of CAT being pursued (*less than market value* sale, long or short-term peppercorn leases, management agreement, etc.).
 - b. the applicant organisation's capabilities in terms of developing a business plan demonstrating the viability of the proposed use of the asset, and their capacity to successfully develop/manage the asset.
 - c. the applicant organisation's experience (if any) with the asset, and relationship (if any) with the asset owner.
 - d. the scale of any wider investment project which a proposed CAT may form part of, and the number and nature of funder entities involved.

There are further aspects of the business case development process that can be more complex by virtue of being a CAT, including:

- the range of stakeholders involved in the process (see **Annex III**); and
- the assessment of monetary and non-monetary benefits.

The areas identified above are incorporated into the contents of this guidance.

4 Community Asset Transfer and the Five Case Model

This section focuses on key elements of guidance under each of the five cases that are particularly relevant to CATs. There is some element of overlap between cases and where/how certain information is presented will depend on the scale and scope of the CAT proposal.

It is important to note that this supplementary guidance does not replicate the contents of other related business case guidance, including [Appraising assistance to the private, voluntary and community sectors](#). For example, considerations relating to subsidy control/state aid, additionality, etc. are relevant to CAT appraisals, on a proportionate basis, but are not repeated here. The areas covered here present considerations that are particular to CAT, building on related content under the same headings in other guidance. As such, **the content of this supplementary guidance must be used together with other relevant guidance available as part of [Better Business Case NI](#).**

Case	Potential Consideration	Brief Explanation
Strategic Case	Legislative authority related to proposed use of the asset	Consider the legislative authority to expend resources on the policy areas related to the proposed use of a transferred asset.
	Legislative authority to transfer at less than best	Consider the authority to dispose of an asset on less than market value terms, seeking Department Solicitor's Office advice where required.
	Displacement	Design options to minimise displacement i.e. ensuring a transferred asset will not duplicate service provision in the community.
Economic Case	Identification of Options	The identification of options should consider realistic alternative approaches to disposing of the asset.
	Monetary Benefits	Relevant benefits including those that are social and environmental in nature should be monetised where both possible and proportionate.
	Monetary Costs	Relevant costs including opportunity costs should be considered.
	Net Present Social Values	Consider the present value of benefits less the present value of costs - it provides a measure of the overall impact of an option.
	Non-Monetary Benefits	Consideration should be given where relevant to non-monetised benefits.

Case	Potential Consideration	Brief Explanation
	<u>Viability</u>	The viability of the CAT applicant's proposal, which will be detailed in a Business Plan, will need to be assessed ⁶
Financial / Commercial Case	<u>Funding Plan</u>	There should be clarity regarding: - the totality of funding required to implement the proposed CAT project - all funding sources, including public sector funding - the status of funding offers
	<u>Budgetary and Accountancy treatment</u>	Disposing of a surplus asset via a CAT on <i>less than market price</i> terms will require appropriate accountancy and budgetary treatment.
	<u>Viability</u>	The viability of the CAT applicant's proposal, which will be detailed in a Business Plan, will need to be assessed.
	<u>Public Sector Financial Cost and Affordability</u>	Consideration of the affordability of the proposal taking account of any financial costs and revenues.
Management Case	<u>Risk Management Approaches</u>	Any asset transfer should set out the approach to managing project risks including through the incorporation of conditions into legal contracts/agreements.
	<u>Management Plans</u>	Consider the CAT applicant organisation's capacity and governance structures in terms of suitability to manage and develop an asset.
	<u>Monitoring and Ex Post Evaluation</u>	Proportionate arrangements should be in place to monitor and evaluate project outturns.
ANNEX I	Key related Resources and Contact Points	
ANNEX II	How CAT Sits within the LPS Disposal Process	
ANNEX III	Potential Stakeholders involved in CAT Business Case Process	
ANNEX IV	Benchmarked Legislation and Social Value Measurement Challenges	
ANNEX V	CAT Case Study Net Present Social Values	
ANNEX VI	CAT Budgetary and Accountancy Guidance	

⁶ The financial viability of the proposal is a key aspect of the assessment in the Financial Case but is also important to the VfM argument and therefore should be referred to in the Economic Case

4.1 Legislative Authority related to Proposed Use of Asset

A CAT business case should present a succinct overview of how the CAT proposal would contribute to the delivery of relevant NI strategies and policies.

Each NI department operates within a defined legislative remit and may expend resources for the purposes covered by its remit. As such, as set out in the *Community Asset Transfer: Guidance for Asset Owners (NI)*⁷ document:

- in order to avail of CAT opportunities, the applicant community organisation must secure a public sector *sponsor body* who has the necessary compulsory purchase powers for the intended purpose of the transferred asset (where the asset owner may, or may not, assume this role).
- the sponsor body should be content that the proposed use of the asset complements or contributes towards their policy intentions; and be willing to endorse the need for, and the CAT project itself.

Reflecting this, a CAT business case should make clear:

- if the asset owner has the relevant compulsory purchase powers in respect of the intended use of the CAT asset; or
- if the asset owner has the confirmed support of a sponsor body which is content that it has the necessary compulsory purchase powers.

4.2 Legislative Authority to Transfer at Less Than Best

Public Bodies in Northern Ireland may be subject to legislative requirements in relation to the value at which public assets can be transferred. Details of the requirements are summarised in paras 6.7 – 6.13 of LPS's *Disposal of Public Sector Property Guidance*⁸. The Guidance confirms that, where applicable, the value to be paid to an asset owner for an asset being disposed of must comply with *Section 5 of the Stormont Regulation and Government Property Act (Northern Ireland) 1933*, where the Act states *best price/rent* should be obtained and where *best price/rent* is defined as no less than market value. The Disposal Guidance notes that a value other than *best* can be accepted where there is relevant Accounting Officer and DoF Supply approval, and, as required under the 1933 Act, where the following two conditions are met:

- I. *"the land is to be sold, leased, or otherwise transferred to a local authority, or to a body or persons not trading for profit and authorised by or under any enactment to carry on a public undertaking; and*

⁷ See **Annex I** for a link to a copy of this document.

⁸ Ibid.

- II. *the Department of Finance and Personnel is satisfied that such a sale, lease or transfer will result in the development, improvement or general benefit of any land held by the Ministry in Northern Ireland*"

Under the *Stormont Regulation and Government Property Act (Northern Ireland) 1933*, it would not be possible for a community sector organisation to fall within the proviso of condition (I) above unless they are authorised by legislation to carry on a public undertaking. The fact that the organisation is funded wholly or partly by grant funding to carry on a programme for a department is unlikely to bring it within the proviso.

The LPS Disposal Guidance sets out that variations from the principle of obtaining *best price/rent* are feasible where an asset owner has specific legislative authority to disapply the Stormont Act. A small number of examples of where asset owners have such authority are presented in para 6.12 of the Disposal Guidance.

Ultimately, responsibility for the decision on whether to progress a CAT, including whether a discount can be offered on the market price/rent remains with the asset owner, taking account of the legal framework in which they operate. Asset owners **should engage early with DSO to obtain advice regarding the legal basis of any proposed transfer**, including where the proposed use of land is outside their vires. Asset owners should also seek advice, where required, regarding the level of approvals required for *less than best business cases*.

A Scoping Paper outlining the legislation that exists across the rest of the UK relating to Community Asset Transfer was completed for Development Trust NI (DTNI) in 2022 entitled '*Review of Community Rights for Asset Transfer in Northern Ireland*⁹'.

The Paper presents a summary of

- the extent and applicability of the rights community organisations have under existing legislation, and also the procedures/processes which apply for the organisations to be able to benefit from those rights.
- the requirements that community organisations must fulfil to be eligible for asset ownership.

In NI, the then Minister for Communities convened a Ministerial Advisory Panel in March 2022 to undertake a piece of work that would advise on the most effective and sustainable approach to embedding the principles of Community Wealth Building into all relevant departmental investment, policy and practice. In October 2022, the Panel published its report '*Recommendations to advance Community Wealth Building in Northern*

⁹Ibid

Ireland.’¹⁰ The report includes a large number of recommendations, including recommendations relating to the introduction of community asset transfer legislation in NI. Being cross-cutting in nature, a forthcoming Executive would need to agree to action being taken in this area.

Also to note, DTNI separately commissioned a report which is available on their [website](#), entitled ‘General Disposal Consent in Northern Ireland’, which examines legislation options in relation to CAT.

4.3 Displacement

Displacement should be a consideration in the appraisal of all types of financial assistance, including *less than market value* CATs. Displacement is the degree to which an activity assisted by government support is offset by reductions in activity elsewhere. Displacement may occur in the product, service, or factor markets in which the CAT applicant organisation operates. For example, displacement could occur where a CAT applicant organisation proposes to use a transferred piece of land to develop a community garden in an area where other community gardens exist, as the transfer may just divert usage from the other gardens. Approving a *less than market value* CAT in these circumstances could represent poor value for money. It could also result in legal challenge in a scenario where other organisations’ revenue streams are affected.

Section 3.1 within the [Appraising assistance to the private, voluntary and community sectors](#) guidance provides details of the type of questions that can inform an assessment of displacement and the types of circumstances where displacement is considered to be greatest.

Where displacement is expected to be minor, it is normally sufficient to document its likely nature and extent. However, where it is considered significant, the following approaches may be appropriate:

- the projected benefits associated with the CAT proposal could be reduced accordingly, in order to provide a more meaningful presentation of the net benefits. Where benefits are monetised, it may be helpful to undertake a Net Present Social Cost (NPSC) calculation both with and without an adjustment for displacement.
- risk management approaches could be employed to minimise potential displacement - for example the CAT applicant organisation could be required, as part of the transfer terms, to participate in a local working group related to the proposed usage of the asset, and to co-ordinate their activities with other organisations through the work of that group.

¹⁰ Ibid

4.4 Identification of Options

Asset owners when considering the disposal of an asset should ensure that options open to them are subject to appraisal, as informed by the CAT applicant organisation's business plan. Whilst effort should not be expended generating options for the sake of it, and/or analysing options that are not realistic in light of the information available, some alternative uses and/or approaches to disposing of the asset should be considered. In addition to Do-Minimum and Business As Usual options, the list of options appraised could include:

- An open market sale
- A CAT sale at *less than market value* terms
- A CAT short or long term lease at *less than market value* terms
- A CAT management agreement

Options should be appraised in line with standard business case guidance, having regard to proportionate effort.

4.5 Monetary Benefits

CAT benefits may be attributable to the wider community, the public sector and/or the CAT applicant organisation. Some examples of each type are set out in Section 2 of the *Community Asset Transfer Policy Framework (NI)* document¹¹.

Where possible and proportionate to do so, generated benefits are assessed and monetised within a business case to determine of whether an option's benefits exceed its costs, and to allow alternative options to be compared in terms of their NPSC. The approach to monetary benefits assessment should be consistent across options (with underpinning assumptions presented and the rationale for them set out); and focus on additional benefits.

Real or estimated market prices provide a first point of reference for estimating the value of benefits. Where no market price exists, non-market valuation techniques can be used. This can be particularly important for environmental, social and health type benefits. Sometimes it is possible to identify the implied value of non-market goods from other decisions people make where prices are available, providing a revealed preference – the value revealed as a result of people's actions. Hedonic pricing is an example of this approach. For example, the relationship between house prices and levels of environmental amenity, such as proximity to a green space, may be analysed to assign a monetary value to the environmental benefit associated with green spaces.

¹¹ Ibid

Supplementary business case guidance on [incorporating social value into business cases](#) is available as part of NI's suite of Better Business Case Guidance. As always, the principle of proportionate effort should be adhered to. Advice from professional economists should be sought where required when measuring social value, including when dealing with non-market valuation.

The [HM Treasury Green Book](#) also provides guidance on the appraisal of public value/social value.

Scottish and Welsh authorities for their part employ varying approaches to assessing social value in justifying *less than market value* CATs, including approaches that put a monetary value on the generated social value, as well as approaches that are more qualitative in nature. By way of background information only, **Annex IV** presents summary detail of the legislative context and also the challenges associated with the measurement of social value in these jurisdictions.

4.6 Monetary Costs

A business case should set out the costs associated with a CAT proposal, including where relevant those relating to: the planning stage (e.g. design costs); acquisition and refurbishment; and the operation of the asset.

The costs should include:

- public sector costs – those falling to the asset owner and those falling to other parts of the public sector.
- wider social costs – those costs falling to other sectors, including the private and community and voluntary sector.

Examples of potential costs¹² that may be relevant to a CAT appraisal include:

Capital Costs

- the cost of the asset¹³
- construction / refurbishment related costs
- design related costs such as architecture fees

One off Revenue Costs

- legal and administration costs associated with the CAT transfer

¹² Costs already incurred (sunk costs) should be excluded.

¹³ The District Valuer in the Land and Property Services (LPS) should be consulted on all property valuation matters relating to appraisal. See Section 7 and 8 of the Supplementary Business Case guidance relating to [Appraisal of Accommodation Projects](#).

Recurrent Revenue Costs

- costs associated with operating the asset in the future (e.g. maintenance, utilities, staffing etc.)

Note: The cost of an asset is defined by the value which reflects the best alternative use an asset could be put to – its opportunity cost. Market prices are usually the starting point for estimating opportunity costs.

The above list is not exhaustive, nor will all the cost categories above be relevant to each CAT proposal.

Departmental economist advice and expertise should be sought where required.

4.7 Net Present Social Cost

As per Sections 4.4 and 4.5 the relevant costs and benefits which may arise from a proposal should be valued/monetised unless it is not proportionate to do so. These should then be appraised to calculate the NPSC of each of the shortlisted listed options. NPSC provides a measure of the overall impact of an option.

As part of the NPSC analysis:

- costs and benefits over the lifetime of the proposal should be considered.
- the analysis excludes general inflation and depreciation
- future costs and benefits should be discounted.
- economic transfers (the transfer of resources)¹⁴ should be excluded.
- an asset's residual value should be included where relevant, to reflect its opportunity cost.

The NPSCs should be considered alongside Benefits Cost Ratios (BCR), which are the ratio of the present value of benefits to the present value of costs, and which provide a measure of the benefits relative to costs.

Annex V provides detail of what CAT option NPSCs might look like through an illustrative case study scenario. It is important to note that:

- the case study includes options that may not be relevant to all CAT business cases, in particular the case study is based on a scenario where there is a pre-existing relationship between the asset owner and the CAT applicant organisation which will not be relevant to all CAT scenarios;

¹⁴ Transfers pass purchasing power from one person to another and do not involve the consumption of resources. Transfers benefit the recipient and are a cost to the donor and therefore do not make society as a whole better or worse off. They should however, be included in the estimate of the financial cost to the Public Sector.

- proportionate effort should be the guiding principle; and
- economist advice should be sought where required, including where the CAT proposal scenario differs to that set out in the case study.

4.8 Non-Monetary Benefits

It may be disproportionate to quantify some of the benefits associated with the CAT proposal, or there may be insufficient evidence to provide reliable estimates. If there are significant un-monetisable benefits, efforts should be made (where it is possible and meaningful) to quantify them in suitable non-monetary units. Where quantification is also not possible, it may be sufficient to qualitatively list and describe the non-monetary benefits.

The focus of appraisal should be on the benefits that are important to the decision being considered.

4.9 Viability

As set out in *Community Asset Transfer: Guidance for Asset Owners (NI)*¹⁵, it is a requirement of the CAT process that the CAT applicant organisation produces a business plan which should demonstrate the viability of the proposed usage of the asset, particularly where the asset will require refurbishment for its intended use, and their capacity to successfully develop/manage the asset. As part of the business case process, the viability of the business plan should be independently¹⁶ assessed including its financial assumptions, any anticipated cash flows, the planned financing, as well as management arrangements, to help ensure that public money (including any sale price/rent forgone) is not wasted on projects that will fail prematurely. Where a CAT project depends on the cooperation of several partners, it is important to obtain assurances that they are all committed to it.

In cases where the aims of the CAT project primarily relate to social and/or environmental objectives (rather than economic), the project may not be expected to achieve overall financial profitability. However, any commercial elements should, and in all cases it should be confirmed that there is sound business planning.

The 2014 *Community Asset Transfer Policy Framework (NI)* document¹⁷ states 'CAT is one of a number of tools that aims to support community organisations move towards *sustainability*'. Sustainability should therefore be duly considered as part of the business case process. For example:

¹⁵ See **Annex I** for a link to a copy of this document.

¹⁶ Independent to the community organisation that is responsible for the production of the Plan.

¹⁷ See **Annex I** for a link to a copy of the guidance.

- where funding partners are awarding funding for a limited period, the situation regarding the medium to long-term sustainability of the project should be clear. Any assumptions regarding subsequent public sector funding should be set out. If it is assumed that funding will continue, confirmation of agreement to this should be provided from the relevant funding body.
- where, as a result of the transfer of the asset, the applicant organisation will be in a position to generate revenue and/or leverage additional private finance and reduce their grant dependency in the medium to long term, this should be tested as part of the assessment of the project's viability.

Any previous positive working relationship between the asset owner and the CAT applicant organisation, and/or any track record the applicant organisation may have in operating the asset, may help to inform the judgement regarding viability.

4.10 Funding Plan

The transfer of an asset through a CAT may form part of a wider project that involves multiple funding sources. All sources of funding should be identified, including names of relevant funding bodies, the corresponding amounts of funds, and any phasing.

Funding sources could potentially include:

- public sector grant in kind (i.e. a CAT at *less than market value*)
- public sector grants¹⁸
- other grant funding sources (Heritage Fund, Lottery monies, etc)
- loans including from social finance lenders
- equity (e.g. Community Shares)
- fundraising initiatives (e.g. crowdfunding)
- CAT applicant's reserves
- CAT applicant's revenue raising including post the transfer of an asset
- pro bono support / volunteering (e.g. professionals such as architects that offer services for free)

¹⁸ For example, DfC's Voluntary & Community Division (VCD) has bid in the past for small amounts of capital funding intended to contribute to post-transfer related costs; and the UK-wide Community Ownership Fund (COF) under which applications for up to £250k of capital match-funding can be made to help buy, take over, or renovate physical community assets at risk. In relation to CAT, COF can support capital works and refurbishment as part of an asset transfer agreement in NI, where the asset is at risk of being lost without the funding. COF will not finance the purchase costs of such assets.

Where potential capital funding sources are available some funders/finance providers can require the applicant organisation to have ownership of the asset or have a lease of at least 25 years before an application for funding/financing will be considered. This could potentially lead to a chicken-egg scenario whereby funders/finance providers require to see evidence of asset tenure, whilst asset owner's need to see evidence of guaranteed project funding. See Section 4.13 for guidance on how conditions of contract can be used to navigate this type of scenario.

4.11 Budgetary and Accountancy Treatment

In line with the CAT policy framework, where legislative authority exists as per Section 4.2, a discount may be offered on the asset price / rent receivable where the social value generated is weighted against the capital receipt forgone.

Asset owners should be aware of the financial reporting related requirements for disposals, so that appropriate entries will be made when a transfer is undertaken. CAT budgeting and accountancy guidance is available within FD (DFP) 05/15 at **Annex VI**. This guidance is currently under review by DoF.

4.12 Public Sector Financial Cost and Affordability

The costs and benefits appraised in the financial case reflect an accountancy-based perspective. They include all costs and receipts to the public sector, but do not include wider social costs. Both resource and non-resource costs and benefits are factored into the analysis; and whereas VAT and depreciation are excluded from the economic NPSC appraisals, these costs are included in the financial appraisals, because they have a direct bearing on the affordability of the proposal. Financial costs and benefits may include:

- any subvention that the asset owner may commit to providing to the CAT applicant for a period post transfer
- any rents receivable in the future by the asset owner (e.g. in the case of a CAT long term lease where some level of rent will be payable).

Related to the financial costs, the affordability of the proposal from the perspective of the public purse needs to be confirmed. Where a CAT involves more than one source of public funds, the relevant funding entities will assess the financial cost of the proposal to their public sector organisations, confirming its affordability. Advice from accountants and financial advisers should be sought where required.

4.13 Risk Management Approaches

The public sector's risk exposure arises as a consequence of public policy decisions, including relating to policies such as CAT.

A decision by an asset owner to transfer a surplus asset via a CAT on *less than market value* terms involves risk exposure. Examples of potential relevant risks include:

- the totality of the required project funding will not be secured by the CAT applicant organisation.
- the CAT project will replicate services already provided in a community not delivering value for money.
- the CAT applicant organisation will run into financial difficulty and the project will fail.

To optimise public value, risk must consciously and proportionately be managed. This should include the identification of relevant risks and a consideration of how they will be managed, where a record of such identification and consideration exercises should be captured. Examples of risk management approaches that have previously been adopted by asset owners in NI that have completed CAT transfers, include:

- the transfer can only take place where the CAT applicant organisation has provided evidence of successfully securing the required project funding.
- the incorporation of claw-back clauses.

A claw-back clause allows the asset owner to recover the transferred asset in certain circumstances e.g. community organisation becoming insolvent and seeking to sell the asset / not developing the asset within an agreed timeframe etc. A claw-back clause can ensure that the public investment in the CAT (i.e. sale/rent values foregone) can be recouped, thereby protecting public funds.

- the requirement for the CAT applicant organisation to be represented on a local working group related to their proposed asset usage.

A working group type condition, where it is feasible, can provide the asset owner with assurance that the CAT applicant organisation will co-ordinate their activities with other local organisations providing services in the same broad areas, thereby minimising displacement and ensuring the asset is developed in a way that meets the needs of the local community.

- the incorporation of restrictions relating to the usage of the land (in the case of CAT leases).

Restrictions relating to the usage of the asset could be incorporated into lease agreements. This is particularly relevant where the nature of the usage of the asset forms the basis of the social value which justifies the CAT transfer on *less than market value* terms. For example, an asset owner proposing to transfer a green piece of land in an urban environment could incorporate a covenant into the transfer agreement that requires the CAT applicant organisation to provide free open public access to the green space post the transfer.

- the incorporation of covenants into transfer agreements that ensure where the lessee is wound up / enters liquidation that the lease arrangement will draw to a close.

The above are examples of possible risk management approaches, they are not intended to be exhaustive. Responsibility for deciding on the most appropriate approach remains with the asset owner, where there will be a need to balance the CAT applicants' rights post transfer against the need to manage related risks.

Departments should note that contracts should not be signed prior to the completion and approval by the appropriate authority of a satisfactory business case.

Departments should engage with DSO for advice regarding the incorporation of conditions into contracts (transfer agreements / leases).

4.14 Management Plans

CAT applicant organisations may or may not have previous relevant experience of operating an asset, including on a commercial basis. Proportionate consideration of the organisation's capabilities and governance structures such as the key management personnel, their roles, their relevant experience and qualifications, and the proposed organisational structure should be examined. Any previous positive working relationship between the asset owner and applicant organisation, and any track record the applicant organisation may have operating the asset, may help to inform the judgement as to whether the organisation had the appropriate capabilities and governance structures.

4.15 Monitoring and Ex Post Evaluation

A CAT business case should outline the proposed arrangements for monitoring and evaluation, including who will undertake these activities, what factors will be examined, and when. Where a CAT proposal involves multiple funders, it may be appropriate that the major public funder takes the lead in co-ordinating and ensuring completion of the evaluation, with input at appropriate point(s) from the asset owner. The proposed approach should be proportionate to the scale and risk of the project. Where conditions have been incorporated into a CAT transfer agreement, it is important that monitoring is completed/processes are in place to ensure that the conditions are adhered to.

ANNEX I – KEY RELATED RESOURCES AND CONTACT POINTS

Table A1.1 CAT Resources:

1	Community Asset Transfer Policy Framework (NI)	https://www.communities-ni.gov.uk/publications/community-asset-transfer-policy-framework
2	LPS Disposal of Surplus Public Sector Property in NI - Guidance	https://www.finance-ni.gov.uk/publications/disposal-surplus-land-and-property-publications
3	Related Business Case Guidance	• Note on proportionate effort • Better Business NI Guidance • Appraising assistance to the private, voluntary and community sectors • Incorporating Social Value into Business Cases • Appraisal of Accommodation Projects
4	Review of Community Rights for Asset Transfer in Northern Ireland	https://www.dtni.org.uk/wp-content/uploads/2021/07/Scoping-Paper-Community-Asset-Acquisition-Final.pdf
5	Recommendations to advance Community wealth building in Northern Ireland Report	The Independent Minister's Advisory Panel on Community Wealth Building to the Minister for Communities – Recommendationsto advance Community wealth building in Northern Ireland (October 2022)

Table A1.2 CAT Related Contact Points

Voluntary and Community Division (VCD)	VCD in DfChave lead responsibility for the implementation of CATpolicy and can offer advice to asset owners in receiptof a CAT interest.
Development Trusts NI (DTNI)	DTNI are VCD's delivery partner in supporting community organisations interested in CAT.
Central Advisory Unit (CAU)	CAU within LPS in DoF is responsible f or policy, advice and guidance on the disposal of surplus public sector land and property in NI
Strategic Policy Division (SPD)	SPD in DoF have responsibility for the provision of business case guidance in NI.
Public Spending Division (PSD) Central Expenditure Division (CED) Accountability and Financial Management (AFMD)	PSD, CED and AFMD in DoF are reviewing budgetary and accountancy guidance in respect of CAT.

ANNEX II – WHERE CAT FITS WITHIN THE LPS DISPOSAL PROCESS

Departments have a duty to dispose of property surplus to requirements within three years and should not hold property speculatively. Departments should seek the advice of the LPS when considering disposal of surplus property.

Figure All.1 overleaf sets out the steps involved in implementing CAT as part of the LPS disposal of surplus assets process, including details of roles and envisaged timeframes. In summary:

As part of **Stage 1**:

- I. following LPS issue of a D1¹⁹ (intention to dispose of surplus asset) internal trawl, community organisations (and other Public Sector Bodies (PSBs)) have *15 working days* to register an interest in the relevant asset.
- II. following LPS issue of an Expression of Interest (EOI) questionnaire, the community organisations (and other PSBs) that have registered an interest have *40 working days* to return a completed EOI questionnaire (together with a *Preliminary High-level Assessment* of their planned proposal covering physical suitability, financial viability, and timescale feasibility), and confirming any relevant Sponsor Body²⁰ role.
- III. asset owners then have *20 working days* to review completed EOI returns and make a decision on whether to proceed to Stage 2, or to move instead to an open market sale.

As part of **Stage 2**: (specifically where an asset owner has decided to pursue a CAT interest from a community organisation):

- I. *24 weeks* are available during which a community organisation completed business plan and an asset owner completed business case should be produced to support any decision to transfer.
- II. the acquiring community organisation is expected to provide the asset owner with sufficient reassurance that any transfer can be completed within this broad timeframe, through agreeing key milestones and target dates.

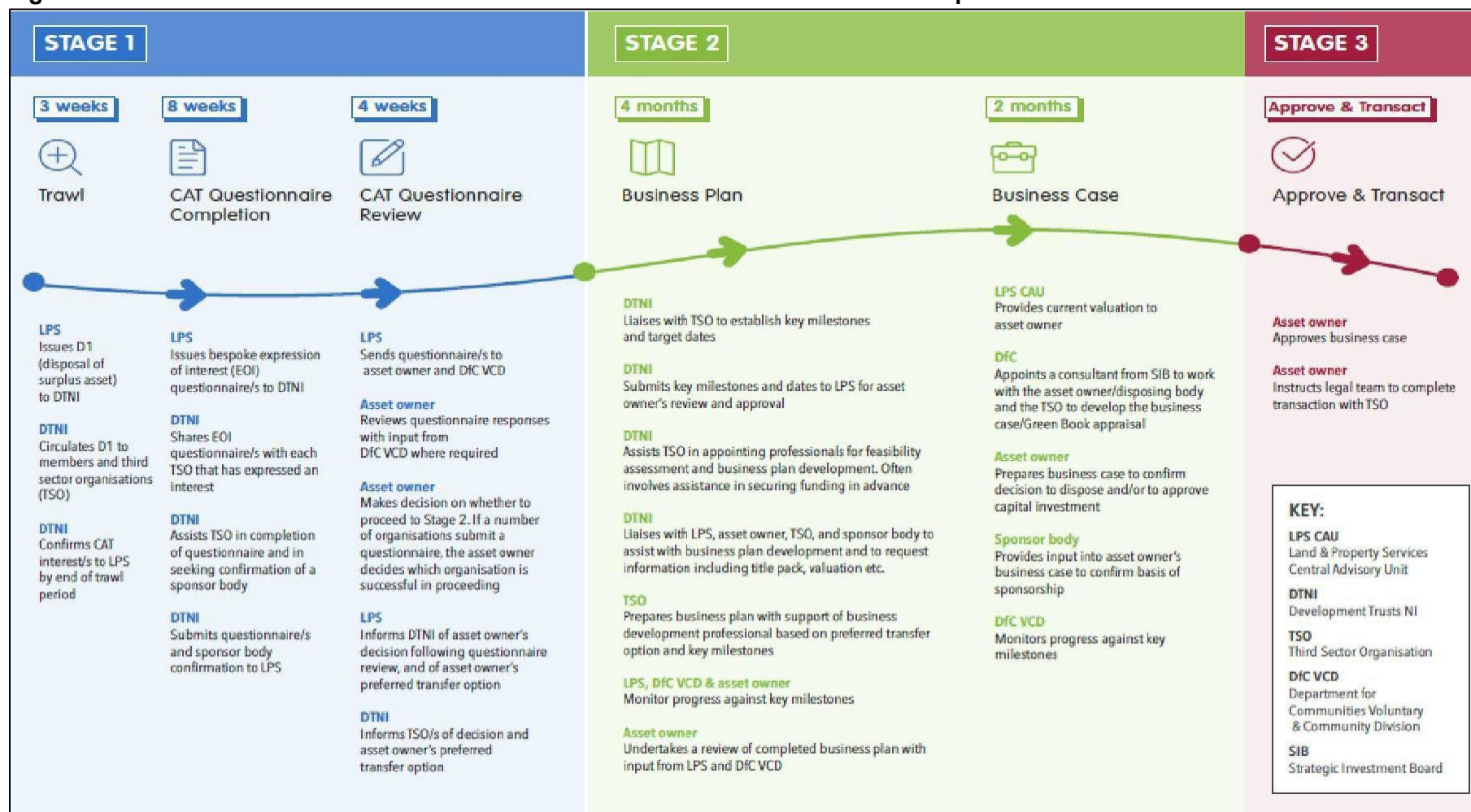
As part of **Stage 3**:

- I. the transfer decision based on the business case is approved and the legalities associated with the transfer of the asset to the community organisation are commenced.

¹⁹ This stands for Disposal 1 and is the form that an asset owner should complete in order to advise CAU in LPS that they have declared an asset surplus.

²⁰ As part of the disposal process a transfer to a community organisation is only possible where the transferee can demonstrate: that it could have exercised compulsory powers of acquisition in respect of the subject land for the intended purpose; or has the confirmed support of a sponsor body with the necessary compulsory purchase powers.

Figure All.1: Overview of Roles and Timeframes associated with CAT within LPS Disposal Process



Source: Prepared by DTNI

Note: Under 'Stage 3' under 'Asset owner' the text should read "approves transfer decision based on business case".

ANNEX III – POTENTIAL STAKEHOLDERS INVOLVED IN CAT BUSINESS CASE PROCESS

The range of stakeholders / expertise required to feed into the CAT business case development process can include:

- Asset Owner
- Sponsor Body (where relevant)
- Other CAT proposal funders
- CAT applicant organisation
- DfC VCD (as policy owner) and their delivery partner DTNI
- Asset Owner's properties/estate management division (facilitating the CAT applicant/architects/surveyors etc. access to the asset)
- Asset Owner planners
- Accountancy/finance (business plan viability)
- Economists (value for money)
- DSO/solicitors (legislative cover, conveyance/risk, leases)
- LPS (asset valuations)
- DoF Supply and Department accountants (budget/accountancy treatment, affordability)
- State aid / Subsidy control related advisers

This list above is not exhaustive, but indicative of the potential range of stakeholders that could be involved in a CAT business case development process. The setting up of a Steering Committee to oversee the development of the business case could be considered where proportionate to do so in light of costs and risks involved in the proposed transfer.

ANNEX IV – BENCHMARKED LEGISLATION AND SOCIAL VALUE MEASUREMENT CHALLENGES

Scotland - Measuring social value context and challenges

The ***Local Government in Scotland Act 2003*** sets out that Scottish Ministers may, by regulations, provide the circumstances by which local authorities can dispose of land at less than best consideration.

The ***Disposal of Land by Local Authorities (Scotland) Regulations 2010*** gave discretionary powers to local authorities to dispose of land (and assets) to community organisations at less than best financial consideration without reference to the Minister, provided a local authority is both satisfied that they are achieving “best value” through economic, regeneration, social, environmental or health benefits, and that disposal for that consideration is reasonable.

The ***Community Empowerment (Scotland) Act 2015*** introduced a right for community bodies to make requests to all local authorities, Scottish Ministers and a wide-ranging list of public bodies, for any land or buildings they feel they could make better use of. Community bodies can request ownership, lease or other rights. The Act requires public authorities to assess requests transparently against a specified list of criteria, and to agree to the request unless there are reasonable grounds for refusal.

The Scottish Government’s [Community Empowerment \(Scotland\) Act 2015: Asset Transfer Guidance for Considering Social Value](#) document sets out

- the **Act does not say how much should be paid** to purchase an asset using asset transfer legislation, whether it should be at market value or at a discount.
- in terms of asset transfer, **all relevant authorities have a duty to secure best value** in their operations, including when disposing of or letting property. All authorities have the ability to dispose of property at less than market value where there are wider public benefits to be gained.
- **best value is the requirement to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between effectiveness and economy**; it also requires due regard to equal opportunities requirements, and to contribute to the achievement of sustainable development.
- there **are seven best value thematic areas**: economic development; regeneration; public health; social wellbeing; environmental wellbeing; reducing inequalities; and any other benefits that might arise through the alternative use of the asset.
- in **submitting an asset transfer request, the community transfer body has to state how much they are prepared to pay, alongside the benefits the project will deliver**, and the relevant authority has to decide whether to accept that price. Relevant **authorities must consider social value as part of their**

overall asset transfer request assessment, including when considering the price offered.

- the Scottish **Government does not direct relevant authorities to a specific approach, tool, or technique to use when considering social value** in the asset transfer context, however it is **widely understood that these decisions can be difficult to make**.
- **asset transfer at less than market value is justified when these additional benefits empower communities and align with local and national priorities to enable the delivery of *best value* across the public sector** as a whole. Such benefits are likely to align with one or more of the Scottish Government's National Outcomes, which all Scottish public authorities are required to have regard to in carrying out their functions.

The guidance further notes:

- **calculating *best value* for asset transfers can be challenging** for relevant authorities.
- consideration of *best value* including **the use of Social Return on Investment (SROI) tools can prove beneficial**. Using various SROI tools to calculate social value involves applying an evidence-based approach that attaches a monetary value to establish social impact. It therefore **has limitations, including the variations to how certain community values are weighted** that could change significantly depending on the demographics, interests, priorities, experiences, and present circumstances of stakeholders.
- **attributing a monetary figure to social value should be treated with some caution**, as there **cannot be a simplistic one-size-fits-all formula** to measure subjective values that ultimately require a qualitative approach.
- decisions around **social value will always include a level of subjectivity, and a formula that puts a price on social values should not be a replacement for decision makers engaging with communities to understand what is valued** on a human level and making their judgements on this basis.
- **SROI tools do have an important role to play and can be an indicator of social value and impact, providing a framework for calculating social value, and contributing to a consistent and measured approach**. Their use can **form an important part of relevant authorities' overall decision making process** as whether to award an asset transfer request to a community transfer body.

The challenges associated with the measurement of social value in Scotland have been identified and highlighted through a number of recent sources including:

- the [Glasgow Caledonian University Three Year Evaluation Report](#) (2020) on asset transfer activity in Scotland;

- the findings of the Scottish Parliament Local Government and Communities Committee Report: [Community Empowerment: Taking Stock of Participation Requests and Asset Transfers Four Years On](#) (2021); and
- the January, March and July 2021 sessions of the [National Asset Transfer Action Group](#).

As part of its [guidance](#), examples of differing approaches and tools being used by public authorities in Scotland to assess social value are presented.

Wales - Measuring social value context and challenges

In Wales, **Section 123(2) of the Local Government Act 1972** requires local government bodies to obtain the consent of the Secretary of State (now the Welsh Ministers) prior to disposing of an asset for a consideration that is less than the best that can reasonably be obtained.

However, **the Local Government Act 1972: General Disposal Consent (Wales) 2003 (“the General Disposal Consent”)**, which came into effect on 31 December 2003, removed the requirement for local government bodies, including Police, Fire and Rescue and National Park Authorities, to seek specific consent for any disposal at an undervalue where the local government body considers that the disposal is in the interests of the economic, social or environmental well being of the whole or any part of its area, or any or all persons resident or present in its area, and the undervalue is £2,000,000 or less.

The [**Well-being of Future Generations Act \(Wales\) 2015**](#) requires public bodies in Wales to consider the long-term impact of their decisions, to work better with people, communities and each other in a joined up manner, and to prevent persistent problems such as poverty, health inequalities and climate change. Under the Wellbeing Act

- **there are seven well-being goals** - a prosperous Wales; a resilient Wales; a healthier Wales; a more equal Wales; a Wales of cohesive communities; a Wales of vibrant culture and thriving Welsh language; a globally responsible Wales.
- **each public body listed in the act must carry out sustainable development**, where sustainable development means the process of improving the economic, social, environmental, and cultural well-being of Wales by taking action aimed at achieving the well-being goals.
- in carrying out sustainable development, the **public bodies must set and publish well-being objectives that are designed to maximise its contribution to achieving each of the well-being goals**. Public bodies must take action to make sure they meet the objectives they set.

In June 2022 a [**Welsh Government Social Value Review**](#) concluded that a confused social value landscape exists in Wales. The report referred to social value being a broad term, with a much wider remit than procurement, that should be embedded throughout an organisation. The Review recommended:

- **social value needs to be clearly defined in a Welsh context**. This definition should contain social (including fair work), economic, environmental, and cultural elements.

- **consideration should be given to using the terms ‘well-being value/benefits/outcomes’ rather than social value**, in view of the fact that the Well-being of Future Generations Act is the legislative driver rather than the Social Value Act.
- **the methodology to measure social value, within the Welsh public sector, needs to be consistent**, and the **format and guidance for reporting social value also needs to be consistent** across Wales.
- **qualitative and quantitative approaches should be used to measure and report social value** and **guidance to support reporting should be developed**.

In February 2022, the Institute of Welsh Affairs (IWA) published a report entitled [Our Land: Communities and Land Use](#). In it, the IWA recommended that the Welsh Government should adopt a social value policy that applies to public bodies looking to dispose of or lease land or assets. The report said that a social value policy should be auditable because *“a lot of public bodies are really worried about being audited and giving away assets not for the best price.”* The IWA report suggested using the [National TOMs Wales](#)²¹ framework as a starting point.

²¹ The June 2022 [Welsh Government Social Value Review](#) report noted some consultee’s concern about the Welsh TOMs being too associated with a commercial partner.

ANNEX V - CAT CASE STUDY NET PRESENT SOCIAL COSTS

CAT Case Study (illustrative scenario)

Department A has land which has been declared surplus - £200k (LPS value)

Department A pays annual security costs for lands - £5k

Department A pays annual insurance costs for lands - £5k

Department A has a lease arrangement with Third Sector Organisation B (TSO B) which is about to expire, the annual rent paid to Department A by TSO B - £8k

Department A has for the last ten years provided grant funding to TSO B to provide children well being related services annually - £100k

TSO B expresses an interest in acquiring the land via a CAT sale at nil, through the LPS D1 Disposal of Surplus Land Process

TSO B intends to develop the lands into a community well being centre and move its service provision onto the newly developed lands, the cost for development works funded via [non-public sector](#) development grants is - £100k

Post CAT transfer the centre would have annual operating and maintenance costs as follows:

utilities - £5k

insurance - £7k

salaries - £40k

The annual operating and maintenance costs totalling £52k would be funded as follows:

TSO B revenue generation - year 1 £20k, year 2 £30k, year 3 £40k, year 4 and thereafter £52k

Department A annual subvention to TSO B for three years - year 1 £32k, year 2 £22k, year 3 £12k

[this is the only grant funding Dept A will provide to TSO B post CAT transfer]

Legal costs associated with sale / CAT - £5k

Options considered as part of Business Case [\[not all of these options will be relevant to each CAT proposal, they are modelled here for illustrative purposes\]](#)

(1) Business As Usual - continuation of status quo

(2) Do Minimum - Department A sells lands at market value, and continues to grant fund TSO B at the current level (row 8 above)

(3) Community Asset Transfer sale at less than best - nil, Department A provides subvention to TSO B for three years only (row 18)

(4) Community Asset Transfer sale at less than best - TSO B pays half market value for land, Department A provides subvention to TSO B for three years only (row 18)

(5) Community Asset Transfer long term lease at less than best - nil rents, Department A provides subvention to TSO B for three years only (row 18)

(6) Community Asset Transfer long term lease at less than best - TSO B pays half market value rents (£4k annually), Department A provides subvention to TSO B for three years only (row 18)

Note - NPSVs from the perspective of the public sector asset owner only are set out in worksheets (1) to (6) based on options that may be relevant to the asset owner. An illustrative NPSV of the overall CAT proposal from the perspective of the NI economy is set out in worksheet (7) which omits economic transfers between various entities.

Note: this illustrative Case Study Example is based on a scenario [where there is a pre-existing relationship between the Asset Owner and CAT applicant](#), This [will not be relevant to all scenarios](#).

Note - to simply, this case study does not incorporate any monetisation of the benefits associated with the child well being related services provided by TSO B

IPSV @ 3.5% p.a.																																	
APPRAISAL DATE:																																	
OPTION NUMBER & TITLE:																																	
YEAR:		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	TOTAL
CAPITAL COSTS (£,000s):																																	
Opportunity Cost of land	200																																200
																																	0
																																	0
A. Total Capital Costs (Annual)	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
B. Total Capital Costs (Cumulative)	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	200	
REVENUE COSTS (££,000s):																																	
Insurance	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Security	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Grant funding to TSO B	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
C. Total Revenue Costs (Annual)	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	
D. Total Revenue Costs (Cumulative)	110	220	330	440	550	660	770	880	990	1100	1210	1320	1430	1540	1650	1760	1870	1980	2090	2200	2310	2420	2530	2640	2750	2860	2970	3080	3190	3300	3410	3520	
E. Total Costs (Annual) (-A+C)	310	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	
F. Total Costs (Cumulative) (-B+D)	310	420	530	640	750	860	970	1080	1190	1300	1410	1520	1630	1740	1850	1960	2070	2180	2290	2400	2510	2620	2730	2840	2950	3060	3170	3280	3390	3500	3610	3720	
BENEFITS (££,000s):																																	
Residual Value land																																200	
Residual Income from TSO B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
G. Total Benefits (Annual)	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
H. Total Benefits (Cumulative)	B	10	24	32	40	48	56	64	72	80	88	96	104	112	120	128	136	144	152	160	168	176	184	192	200	208	216	224	232	240	248	256	

OPTION 2																																	
NPSV @ 35% p.a.																																	
APPRaisal DATE:																																	
OPTION NUMBER & TITLE:																																	
YEAR:	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	TOTAL	
CAPITAL COSTS (£'000s):																																	
Opportunity Cost of Land	200																															200	
Land sale costs		5																															5
A Total Capital Costs (Annual)	200																																200
B Total Capital Costs (Cumulative)	200	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205
REVENUE COSTS (£'000s):																																	
Insurance	5																															5	
Security	5																															5	
Grant Funding To TSO B	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
C Total Revenue Costs (Annual)	10	10	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
D Total Revenue Costs (Cumulative)	10	20	30	40	50	60	70	80	90	100	110	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	
E Total Costs (Annual) (=A+C)	210	105	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	110	
F Total Costs (Cumulative) (=B+D)	210	415	515	615	715	815	915	1015	1115	1215	1315	1415	1515	1615	1715	1815	1915	2015	2115	2215	2315	2415	2515	2615	2715	2815	2915	3015	3115	3215	3315	3415	
BENEFITS (£'000s):																																	
Residual Value/Land																																	
Rental Income from TSO/B	8																															8	
Sale of asset		200																														200	
G Total Benefits (Annual)	8	200																														200	
H Total Benefits (Cumulative)	8	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	208	
I NET UNDIsCOUNTEd COST* (=E-G)	302	-95	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
J DISCOUNT FACTOR @ 3.1% p.a.	1.000	0.992	0.984	0.976																													

30

OPTION 3

NPV @ 3.5% p.a.		APPRAISAL DATE:																															
OPTION NUMBER & TITLE:																																	
YEAR:		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	TOTAL
CAPITAL COSTS (£ 000s):																																	
Opportunity Cost of Land		200																															200
Legal CAT transfer costs			5																														5
A. Total Capital Costs (Annual)		200	5																														205
B. Total Capital Costs (Cumulative)		200	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205
REVENUE COSTS (£ 000s):																																	
Insurance		0																															0
Security		5																															5
Subvention to TSOB			30	22	10																												66
C. Total Revenue Costs (Annual)		0	32	22	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
D. Total Revenue Costs (Cumulative)		0	42	64	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	
E. Total Costs (Annual) (=A+C)		200	37	22	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
F. Total Costs (Cumulative) (=B+D)		200	247	269	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	
BENEFITS (£ 000s):																																	
Residual Value Land		0																															0
Rental Income		0																															0
Sale of asset		0																															0
G. Total Benefits (Annual)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
H. Total Benefits (Cumulative)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
I. NET UNDISCOUNTED COST* (=E-G)		200	37	22	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DISCOUNT FACTOR @ 3.5% p.a.		1.000	0.952	0.906	0.861	0.816	0.772	0.729	0.686	0.644	0.602	0.561	0.520	0.480	0.440	0.400	0.361	0.322	0.283	0.245	0.207	0.170	0.134	0.100	0.066	0.033	0.001	0.000	0.000	0.000	0.000		
J. NET PRESENT SOCIAL COST* (Annual)		202	35	20	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
K. NET PRESENT SOCIAL COST* (Cumulative)		202	238	258	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269	269
L. NET PRESENT SOCIAL COST* =		269																															269

*A minus sign in these rows denotes a Net Present Social Value rather than a Net Present Social Cost

OPTION 4

NPV @ 3.5% p.a.		APPRAISAL DATE:																															
OPTION NUMBER & TITLE:		YEAR:																															
YEAR:		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	TOTAL
CAPITAL COSTS (£ 000s):																																	
Opportunity Cost of Land		200																															200
Legal transfer costs			5																														5
A. Total Capital Costs (Annual)		200	5																														205
B. Total Capital Costs (Cumulative)		200	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	205	
REVENUE COSTS (£ 000s):																																	
Insurance		0																															0
Security		5																															5
Subvention to TSOB			30	22	10																												66
C. Total Revenue Costs (Annual)		0	32	22	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
D. Total Revenue Costs (Cumulative)		0	42	64	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	76	
E. Total Costs (Annual) (=A+C)		200	37	22	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
F. Total Costs (Cumulative) (=B+D)		200	247	269	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	281	
BENEFITS (£ 000s):																																	
Residual Value Land																																	0
Rental Income		0																															0
Sale of asset			100																														100
G. Total Benefits (Annual)		0	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
H. Total Benefits (Cumulative)		0	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	
NET UNDISCOUNTED COST* (=E-G)		200	63	22	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
DISCOUNT FACTOR @ 3.5% p.a.		1.000	0.952	0.906	0.861	0.816	0.772	0.729	0.686	0.644	0.602	0.561	0.520	0.480	0.440	0.400	0.361	0.322	0.283	0.245	0.207	0.170	0.134	0.100	0.066	0.033	0.001	0.000	0.000	0.000	0.000		
I. NET PRESENT SOCIAL COST* (Annual)		200	61	21	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
J. NET PRESENT SOCIAL COST* (Cumulative)		200	141	162	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	172	
K. NET PRESENT SOCIAL COST* =		172																															172

*A minus sign in these rows denotes a Net Present Social Value rather than a Net Present Social Cost

WORKSHEET 7

NPV @ 15% p.a.	APPRAISAL DATE: _____																																
OPTION NUMBER & TITLE: _____	_____																																
YEAR:	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30	TOTAL	
CAPITAL COSTS (£ 000s):																																	
Opportunity Cost of land	200																															200	
Local CAT transfer costs		5																														5	
Development costs		100																														100	
																																0	
A. Total Capital Costs (Annual)	200	105	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	305	
B. Total Capital Costs (Cumulative)	200	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305	
REVENUE COSTS (£ 000s):																																	
Insurance	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	275	
Security	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Utilities		5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Salaries		40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	1200	
																																0	
C. Total Revenue Costs (Annual)	10	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	1570	
D. Total Revenue Costs (Cumulative)	10	62	114	166	218	270	322	374	426	478	530	582	634	686	738	790	842	894	946	998	1050	1102	1154	1206	1258	1310	1362	1414	1466	1518	1570	1622	
E. Total Costs (Annual) (=A+C)	210	157	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	104	
F. Total Costs (Cumulative) (=B+E)	210	367	419	471	523	575	627	679	731	783	835	887	939	991	1043	1095	1147	1199	1251	1303	1355	1407	1459	1511	1563	1615	1667	1719	1771	1823	1875	1927	
BENEFITS (£ 000s):																																	
Residual Value Land																																300	
Rental Income	0																															0	
																																0	
G. Total Benefits (Annual)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	
H. Total Benefits (Cumulative)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300	
NET UNDISCOUNTED COST* (=E-G)	202	157	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	1670	
DISCOUNT FACTOR @ 3.5% p.a.	1.000	0.966	0.934	0.902	0.871	0.842	0.814	0.786	0.759	0.734	0.709	0.685	0.662	0.639	0.618	0.597	0.577	0.557	0.538	0.519	0.501	0.483	0.466	0.449	0.433	0.417	0.401	0.386	0.371	0.356	0.342		
NET PRESENT SOCIAL COST* (Annual)	202	152	49	47	45	44	42	40	38	36	34	33	31	30	28	26	25	23	22	20	19	18	16	15	14	13	11	10	9	8	7	6	
NET PRESENT SOCIAL COST* (Cumulative)	202	254	302	349	394	438	480	521	561	599	636	672	707	741	774	806	837	867	896	924	951	977	1003	1028	1053	1077	1101	1124	1147	1169	1191	1213	
A. NET PRESENT SOCIAL COST* (=)	1953																															1953	

*A minus sign in these rows denotes a Net Present Social Value rather than a Net Present Social Cost

Note: [Template NPSC spreadsheets](#) are available on the BBCNI website.

ANNEX VI – CAT BUDGETING AND ACCOUNTANCY GUIDANCE

See FD (DFP) 05/15, [Community Asset Transfer- Financial/Budgeting Implications](#).