

The Community Asset Acquisition Process

This document gives an overview of the process involved in the acquisition of an asset by a community group. Any community organisation interested in acquiring land or buildings is encouraged to contact the Community Assets Team of Highlands and Islands Enterprise (HIE) at an early point in the process. We can provide tailored support to guide groups through the process and may also be able to provide grant assistance towards the purchase costs.

We are interested in supporting the purchase of income-generating assets that will meet an identified need within the community. There should be a clear vision of what the asset will be used for and how it will make a difference to the community. It is also important to consider how the asset will be managed once it is in community ownership. Together with community consultation, demonstrating the viability of a project through a business plan is a critical step in the process.

Developing the project proposal

Local circumstances and the type of asset to be acquired will have an influence on the process. The following describes a typical chain of events, although the order may vary and some of the activities will happen concurrently.

- ↳ Identify needs within the local area through **community consultation**
- ↳ Prioritise the needs identified by undertaking a **needs analysis**
- ↳ Look at different ways to address the needs through an **options appraisal**
- ↳ Investigate two or three of the most appropriate options in a **feasibility study**
- ↳ Compile a **business plan** to give details of how the preferred option will operate
- ↳ Obtain a **valuation** of the asset. The valuation, which should be undertaken by a valuer registered with the Royal Institute of Chartered Surveyors (RICS), may highlight some issues which need to be investigated further. A valuation report expires after a certain period of time and this should be kept in mind when deciding when to instruct a valuation as funders/lenders will not accept out of date valuations.
- ↳ Remember that there will be **legal fees** associated with the purchase. This will include work to ensure the property has good title and also to manage the transfer of ownership.
- ↳ Ensure the organisation's **governing document** allows it to own property
- ↳ Raise the **funds** to enable the purchase. Funding packages can involve grants, borrowing and fundraising. It is important to liaise closely with your proposed funding sources as each will have different requirements, obligations and timescales. This can become quite complex and needs careful management. Commercial borrowing is an increasing component of community acquisitions and the repayments need to feature in the business plan.

Points to consider about community asset acquisition

There are a number of routes to community ownership. Assets may be advertised for sale, they may be purchased following an approach to the owner, or they may be purchased via the Land Reform (Scotland) Act 2003.

- **Asset advertised for sale**
 - Note an interest in the property with the selling agent to ensure you are notified if it goes to a closing date
 - Be aware that funders and lenders will generally only pay towards the value of the asset as a percentage of an independent valuation. Additional funds therefore must be raised if you wish to bid higher than the valuation figure
 - Do not submit an offer unless you have the funds available

- **Asset not currently for sale**
 - Consider informing the owner of the community's interest in the property
 - Consider registering an interest in the asset under the Community Right to Buy provisions of the Land Reform (Scotland) Act 2003. Successfully registering an interest in the land will give the community the first opportunity to purchase when the asset comes up for sale. For more information see the guidance on the Scottish Government Website:
<http://www.gov.scot/Publications/2009/06/08101427/0>
 - If you are interested in land owned by Forestry Commission Scotland, then refer to the National Forest Land Scheme guidelines:
<http://scotland.forestry.gov.uk/supporting/strategy-policy-guidance/communities/national-forest-land-scheme-nfls>

Note about grant funding

When public funds are provided it is necessary to establish whether an EU State Aid is involved. State Aid is concerned with creating a level playing field across member states with respect to trading activities and it applies to all forms of public grant assistance irrespective of who the grant recipient is. If the assistance is deemed to be a State Aid, then any public financial assistance must be compatible with EU State Aid Rules and financial limits. For more information see <http://www.gov.scot/Topics/Government/State-Aid>