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The Community Hub Handbook

How to run a successful hub and make your neighbourhood thrive

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Local Trust was established in 2012 to deliver Big Local, a unique programme that puts residents across the country in control of decisions about their own lives and neighbourhoods. Funded by a £200m endowment from the National Lottery Community Fund – the largest ever single commitment of lottery funds. Big Local provides in excess of £1m of long-term funding over 10-15 years to each of 150 local communities, many of which face major social and economic challenges but have missed out on statutory and lottery funding in the past.

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Locality is the national membership network supporting local community organisations to be strong and successful.
By pooling knowledge, understanding and tools we build a better understanding of what works. Together we motivate and inspire each other to unlock the power of local communities.

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The Community Hub Handbook: Everything you need to know about running a successful hub to make your neighbourhood thrive was researched and written by Locality and funded by Local Trust and Power to Change in January 2020.

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Natalie, Edna and Naomi chat at a Knit & Natter group in Harefield Hub, run by SO18 Big Local in Southampton.

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Introduction

Opening a community hub is no small achievement and keeping it open and active is harder still. People who succeed at it are canny folk – they show grit, ingenuity and determination. Yet they'll often talk about how much more they wish they had known at the outset – mistakes they later see were avoidable.

That's one reason why we've created The Community Hub Handbook – to fill a gap in practical guidance, help people avoid common pitfalls and ensure those running community hubs have access to the best information available. We commissioned Locality to write this handbook, based on their knowledge of supporting community hubs, and on a report that Local Trust and Power to Change commissioned in 2019 "Community Hubs: understanding survival and success". This research is referenced throughout this handbook and has additional case studies you can draw on for inspiration. Unlike community centres and similar buildings, hubs are multi-purpose. Perhaps this is why there's so little information specifically for them, and even less that addresses their financial viability.

Spreading the knowledge and tools to help community hubs survive and thrive is much needed, and not just by those 'do-ers' who typically get involved in running community spaces. Local, accessible meeting places directly benefit people living nearby, and it's increasingly recognised that they matter nationally too.

A welcoming venue packed with positive, nurturing and inclusive activities fosters social capital – a vital ingredient in every local economy. When people have a place to meet, they can build trust, share concerns and identify solutions that may develop into successful projects, local services or social enterprises. If a community business is a possibility in your area, Power to Change's website is packed with inspiration and support, including funding for start-ups and bright ideas, so do find out what's on offer.

Where hubs are also community led or owned, they have the potential to alter the self-belief and ambition of local residents too. Across 150 Big Local areas, there are multiple examples of communities hatching imaginative resident-led schemes: self-financing housing projects, sustainable energy developments, and transformations of green spaces and sports grounds are a few examples. Many more can be found on Local Trust's website. Resident-led projects build resilience, energise civic life and change individuals driven by passion into community leaders with the skills and experience to transform their neighbourhoods.

So, that moment when the ribbon is cut and a community hub is declared open is rich in possibilities. Beyond a vision of dance practice, digital skills, crafts, parenting or cooking classes there's a real and meaningful opportunity to bring neighbours together, revive community spirit and improve lives. Creating fun activities is something that communities excel at – no advice is needed there. But for business essentials – managing buildings, securing income, attracting bookings and demonstrating impact – this Handbook can help. It is packed with tried-and-tested tools and essential, hard-won knowledge to inform your plans and decisions. Explore it, test it, try it and share it. We'd love to hear what happens next.

Each section provides information and links to case studies to inspire anyone contemplating starting up or delivering a community hub. At the end of each sub-section there is a checklist to answer for yourself – answer the questions to figure out your progress and where you may need to focus. Business planning and financial tools and templates and links to online resources are provided in the Resources and links section. Where technical terms have been used in the toolkit, they are highlighted and explained in the Glossary. Where financial data has been provided it is for guidance purposes only, do not assume that your situation will be the same. Get your own quotes based on the advice provided.

You may choose to read the sections that are most relevant to you or work your way through everything, but don't be daunted by it all, take one step at a time. In practice, you will probably need to do several things at once (and repeat some of the same steps) depending on your starting point and your objectives. Community hubs are rarely smooth and easy to establish, you often go backwards and forwards through the different stages until you are ready to move on again.

The most successful community hubs are collaborative efforts, where many people in the community are involved. We encourage you to use this toolkit is a similar way; involve as many people as possible in your conversation to build up a rounded understanding of the context and practicalities for your community hub.

Acknowledgements:

Community ownership and management of land and buildings is not new. The information and guidance contained in this toolkit reflects the experience of many people who have gone through the process. We would like to thank the following people who gave their time and knowledge to the development of this toolkit:

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Step 1. Understanding community hubs

1.1 What is a community hub?

Community hubs are an **incredibly diverse group of entities**, ranging from communal garden sheds to multipurpose community centres. Community hubs are buildings (or parts of buildings). They provide and host community activities that local people need. They are led and run by the community and are open and accessible to everyone. This also means their purpose can change over time to be available to people.

The services provided in community hubs are very diverse – this is a strength and sets them apart from other businesses which tend to do one thing. These include activities that directly address community needs and help community members live happy, healthy and economically thriving lives. They may also provide opportunities for community engagement and a focal point for people to meet.

Community hubs are funded in many ways, often including an element of grant funding. However, the most successful and sustainable community hubs always have an element of enterprise; they earn money from their activities that is put back into the running of the hub for the benefit of the community.

Common features of a community hub

Community hubs are very diverse. This reflects the fact they usually arise from local people working in very different areas and addressing very different local needs. While every community hub is different, most community hubs:

- Focus on a clearly defined local area and community.
- Deliver a wide range of services to the local community that meet community needs. The diversity of community hubs stems from the fact that they meet a wide range of community needs identified locally.
- Operate from one or more buildings – although the concept of a building may be loose – it may be bricks and mortar or a shed, or open space.

What do community hubs provide?

Community hubs are often set up and run to provide one or more of the following:

- Facilities for the use of the local community to ensure a healthy, active and economically thriving population.
- Services for the local community, directly or indirectly.
- Opportunities for community engagement, volunteering, the empowerment of local people.
- The ‘added value’ of a thriving community hub which enhances community life, e.g. providing a focal point for local people, providing a sense of community, providing spaces for people to meet, etc.

Community hubs may offer:

- Meeting rooms.
- IT facilities.
- Community cafés.
- Offices and training rooms.
- Sports and arts facilities.
- Play areas.
- Nursery facilities.
- Older people activities.
- Games and youth facilities.
- Conference facilities.
- Kitchens and catering facilities and much more.

According to research[1] the most common primary activities carried out by community hubs are:

Community hall or meeting space (59%)

Health or well-being activities (17%)

Educational activities (13%)

Skills and employment training (12%)

Community café (11%)

While many people have a vision for a community hub that may approach something like a traditional community centre, there are other models. These include offering services from a shed on an allotment, from a local shop, a GP surgery, a pub, etc.

Some community hubs start with a space from which they design a service offer and others start from another space with a specific purpose, from which they develop a suite of services on offer to the community over time.

How are community hubs funded?

Community hubs are funded in different ways. They are often supported by grants, but many are increasingly striving to generate earned income and be more independent and sustainable. Research[1] shows community hubs that have best adapted to reduced grant funding, run spaces that they can generate income from, including renting space and hosting services. Furthermore, it suggests (see: 3.3 Business models of community hub organisations in the research[1]) that there are four types of community hubs based on size of turnover:

- Micro organisations (turnover less than £100,000). These tend to be heavily reliant on grants and donations, and to a smaller extent on income generated from the building, such as hall hire. Other types of trading income are likely to be at a low level.

- Small organisations (turnover £100,000 to £250,000). These are also usually reliant on grants and donations but are likely to have increased their building income. Other trading income may also have increased but as a rule this still tends to be at a low level, as a proportion of overall income.

- Medium organisations (turnover £250,000 to £750,000). Grants and donations and building income generally remain the most significant revenue streams, but trading income, including social enterprise activities and fees and sales, is likely to have increased, and the organisation may also be generating some income from service contracts.

- Larger organisations (turnover more than £750,000). The main source of income is likely to be from service contracts, with lower proportions from grants and donations or hall hire, office rentals, or other forms of trading income.

The most sustainable community hubs have a mix of income with some services subsidising others. Part of their income mix may be generated by renting out offices, rooms for regular meetings, conferences and events. Charges are usually on a sliding scale, so that a large and well-funded customer such as a local authority or private business pays a higher charge than small, unfunded community hirers such as self-help and advocacy groups.

Community hubs are special because there are so many different types, which means they can embrace different ways of strengthening their community. A community hub is never static, it is on a journey (where there is probably no final destination but for which there is a clear aim; a community space) along which there will be many changes and structures.

[1]. Local Trust (2019), 'Community hubs: Understanding survival and success'. Available at: https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success

Checklist

This section has given you an insight into what a community hub is. It is not aimed at helping you decide whether you 'fit' or not; it is designed to show you the wide range of activities community hubs undertake and to celebrate their diversity. Community hubs that fully involve local people in their running and operation can help create thriving and fairer communities.

	Yes	No	Maybe
Does your project serve a clearly defined local area and community?			
Are you based in a space – e.g. a central and accessible building – from which services that the community need can be provided?			
Do you offer services that are open and accessible to the whole community, not just a sub-section of it?			
Do you strive to have a good mix of funding sources?			

If you answered mostly yes:

- Congratulations, the chances are you are already a community hub or working towards this. You may want to work through specific sections of this toolkit to develop certain areas of work or to improve what you are already doing.

If you answered mostly maybe:

- Think about the questions where you may have answered "no" or "maybe". All of these are critical to be a true community hub; where can you improve things?
- Work through the rest of this toolkit; it is designed to help you with specific areas of your project and to give clear guidance on becoming a strong and successful community hub.

If you answered mostly no:

- It may be that your project is unlikely to be a community hub at this stage. Many projects undertaking good work in communities are not community hubs, so this is ok! However, if it really is your ambition to have a community hub, work through the rest of this toolkit. This toolkit is designed to help you with specific areas of your project and to give clear guidance on becoming a strong and successful community hub.

Case study illustrations

See the following case studies in the research[1]:

- 8.4 Ripon Community House and 8.5 Meadow Well Connected: Two examples of busy multi-tenanted hubs that also deliver activities from their centres (pages 56 and 57).
- 8.7 Colindale Communities Trust: An example of delivering valued services on a deprived estate (page 62).

Step 2. Getting started

2.1 Understanding what your community needs

Community hubs can have immense benefits for their local communities. As well as providing benefits directly to community members they can assist statutory bodies to deliver better and more effective services, they can help local groups and organisations in terms of spaces to meet and organise themselves and they can also benefit individuals or businesses with space to hire and engage with the local community.

Developing and running a community hub is very rewarding, but also brings many challenges. You will need to be properly set up with a legal structure, have clear aims and objectives and a feasible model that will enable you to deliver your objectives. You will really need to understand the needs of your community and have lots of support from people right across your local area to turn your ideas into reality.

The benefits of community hubs

Community hubs can either provide services to their communities by hosting or incubating other organisations, (e.g. the local authority, charities, training providers, Job Centres, youth services, sports and leisure clubs, etc.) or they can deliver services themselves, (e.g. contracting with providers of employment schemes to run a job club, or contracting with the health service to provide a fitness class). Some combine both roles. As a result, there are numerous potential customers for community hubs (see: Cross-subsidy in the research[1]). The prime ones are:

- Local Authorities, local Clinical Commissioning Groups (CCGs), organisations and charities which will rent offices, hire rooms regularly, hold special events, and hire for service delivery.
- Local groups seeking regular room hire such as support groups, choirs, local groups offering leisure activities including bridge, dance, music, lunch clubs and many more.
- Individuals and organisations seeking to hire spaces for special events, birthdays, marriages and wakes, etc.
- Well-run and well used community hubs can produce many benefits, for the customer, the organisations running them and the wider community, (see: 2.1 Policy context for stakeholder benefits and 5.1 Benefits of ownership of community hub buildings in the research[1]) for instance they can:
- Build stronger communities by meeting specific needs.
- Provide better and more connected services.
- Transform unused buildings.
- Benefit the local economy.
- Support long-term stable organisations.

It is important to distinguish between customers and beneficiaries – customers pay and beneficiaries benefit! community hubs must address the requirements of both to ensure that they continue to meet community needs and remain financially sustainable in the process.

For example, where a community hub runs activities for young people, the young people are the beneficiaries, but they have no ability to pay. A grant funder or commissioner is the customer because they fund the activity (e.g. by grant or contract). The interests of both parties need to be served. Sometimes customers and beneficiaries can be the same, e.g. a community shop selling low cost groceries to local people.

[1]. Local Trust (2019), 'Community hubs: Understanding survival and success'. Available at: Available at: https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success

Why do you want to establish a community hub?

Every community deserves a community hub if they need/want one, but it can be a big responsibility and needs a lot of planning and thinking about. No two community hubs are the same, they are shaped by the people who use it, what it's used for, and where it is.

Some organisations start a community hub because they have identified a building and think it would be a good place to begin. While this sounds like a reasonable idea, you should think carefully about using the building as your starting point as it may not be viable or suitable to meet the community's needs.

You should also think about what other facilities are nearby. Can you lease elsewhere or share space with others? For example, it may be that there is a space well used by your community, but it is not delivering a wide range of services. Think about what can you do to address local needs by working with others rather than establishing a new community hub?

Be clear on what service(s) and activities you hope to provide. Have you established an evidence base of need and how might these be funded? If the idea has been proposed by a sponsoring organisation, such as the local authority, get the view of the intended beneficiaries. If the idea comes from beneficiaries, will they stay involved?

Thinking about what setting up a community hub will mean for your organisation in terms of money, time, the delivery of your services and your long-term plans and aspirations is important even for organisations that have premises already but want to move. You may need to give notice to your current landlord and carry out repairs before you move, so check if this is the case first.

Where are you now?

What stage are you at? Community hubs are created in several ways for different reasons and involve diverse organisational structures and legal forms. Generally, the more ambitious the project the more time, effort and costs will be involved.

Running a community hub is one of the most challenging tasks that a community organisation can undertake, but it can also be one of the most rewarding. You should be a properly constituted group, be confident about individual roles and responsibilities and know where to get advice. Organisational considerations will vary depending on whether you are a new or an existing organisation. For an existing organisation, taking on a community hub may increase the scale at which you work. Issues to consider here are:

- The legal structure of your organisation – a limited liability structure is usually needed to ensure that the volunteers overseeing the community hub do not become personally liable.

- Who is on the Board? Are there enough people? Can they represent the full range of community interests? Do you need specialist skills?

- How will you manage the community hub?Will you need to employ staff, manage more money, increase volunteering?

- How will you approach the challenges of acquiring an asset? What would help – training, visiting similar projects, mentoring?

Setting up a new community organisation should only happen where and when it is necessary. In the initial stages it is best to utilise existing community structures, such as a residents' association. This reduces the potential for time and resources to be wasted if plans do not come to fruition. If you are setting up a new organisation, its vision and mission will need to be established with clear planning and working principles to guide the process. Involve staff, users/beneficiaries/customers and volunteers

in the discussion to build up a full list of what you need from the community hub. Take time to visit other hubs, talk to other community groups; this can be a fantastic resource to get you started.

Building considerations will depend on whether you are undertaking a new build or taking on a pre-existing building, which may or may not be operating as an existing community hub. Umbrella groups like your local Council for Voluntary Services or other community organisations might be able to tell you about space that may be available in the area that you are interested in. Most Community Asset Transfers are existing buildings being transferred from local authorities (see: Community Asset Transfer section for more explanation).

You will need to work out a budget to see if you can afford to cover any move and future premises costs. With new builds, site selection, environmental and accessibility standards, space for storage and equipment, etc, will make up the costs.

Aims and objectives

Aims and objectives help you to define where you want to go and how you are going to get there. They allow you and your team to understand and communicate clearly what your organisation is all about. Depending on context, a general statement like: "to establish a new community hub for the community within the year" may be all you have as a strategic aim at the start. Aims and objectives can be worked on and changed as your project develops. Don't get caught up in process of agreeing everything at the outset. Circumstances will change but understanding and agreeing shared aims and objectives at the beginning helps everyone involved know what you're doing and why. Also, it makes it easier to get people to help.

Your objectives are specific statements that define the practical steps you will take to achieve your aim(s). Objectives are about what your organisation is intending to do in the short to medium term and how it is going to create change. Good objectives should be SMART (Specific, Measureable, Agreed, Realistic and Time-bound).

A Logic Model (or Theory of Change) can be a good way of mapping this out for your organisation (see also section Reviewing what you do and understanding the impact you are having in your area). A Logic Model is about:

- Showing what is wrong.
- Explaining the steps that will be taken to correct this.
- Describing the outcomes if these steps are successful; what does success look like?

A Logic Model (mycommunity.org.uk/help-centre/resources/local-services/introduction-logic-models/) shows a connection between the need you have identified, what you plan to do and how this makes an impact for individuals and communities (see also Reviewing what you do and understanding the impact you are having in your area).

Keep progress under review. You may need to allow for changes as you get more insight from your research or practical delivery work. Remember your work must be deliverable so you need to be ambitious, but also practical and realistic.

Feasibility

Whatever the motivations, some feasibility work will be necessary to find out what information is needed to help your organisation decide if and how to progress. Are there any hurdles that are impossible to overcome? You don't need any specialist skills to make a start, but you may need to bring in expertise, e.g. for legal issues such as restrictive covenants or if the transfer of staff involving TUPE is involved.

How much will it cost? You need to think about the long-term viability and sustainability of your project. You should be aware of the costs involved and the resources, financial and human, that you have available and will need. Asset considerations will include structural, condition and site surveys.

It is important to note that a feasibility study will only answer the questions asked of it. So, if the focus is just on financial viability, other practical elements such as whether there is adequate space for storage or car parking, might be missed.

At each stage test whether you are being realistic. Put your assumptions on paper and make sure you are comfortable with them. It does not remove the risk from a project, but it allows you to make more informed decisions. Consider potential changes and analyse how they would affect the project (the economic downturn is a great example of an unforeseen change).

Sometimes it will be impossible to make a community hub work. There are a whole host of reasons why this may be the case, e.g. the building may be in too poor a condition or in the wrong location or require substantial work to improve accessibility, etc.

Understanding needs

Understanding needs and defining your purpose go together. For example, if you are developing new managed workspace, find out if there is a shortage in the area. Are some sizes of managed workspace fully let? Do you know local businesses or organisations which would be interested in renting space from you? Indicate the kind of rent you plan to charge when you research your market. If this deters most of your potential customers, then rethink your assumptions.

The similarities between you and your competitors can help you define and articulate your offer. You can do this by a walkabout of the area or using Google Maps to identify relevant facilities. Although there isn't a map of every community hub, use Keep it in the Community (website no longer available) to search for all Assets of Community Value listed by councils across England, as well as community-owned assets, as submitted by community groups. If there are already empty offices, underused community centres or struggling crèches in the area then extra provision is unlikely to be viable. In these situations, you must demonstrate how your community hub will be different (higher quality, lower cost, etc.) or re-think your plans.

Understanding what you want to know is the first step, but how do you find it out in practice? You don't need special tools – it's just a process of gathering relevant data. This can be done by surveys, interviews, conducting focus groups, using your social networks, etc., see the Resources and links section for example tools and approaches.

Make sure you use a range of market research methods to inform your thinking. When a range of methods reaches a similar conclusion, you are more likely to be on the right path. For example, you can use feedback to understand the issues affecting local people linked to employment, health, crime, etc., by undertaking surveys and questionnaires, holding public meetings and events and door knocking. Target certain age groups. Use social media such as Facebook. Be clear on the difference between needs and wants – needs are more likely to be met!

Remember, a gap in provision does not necessarily mean there is a market – can you test your assumptions through some test-trading before you make a longer-term commitment? Are there any high street premises available for short-term or pop-up activities? Many private landlords are open to proposals as high street shopping habits have changed dramatically in recent years and there are a lot of empty units. Many local authorities have policies that support meanwhile use on the high street – speak to the local authority/town centre managers about your plans.

How will your community benefit? It is important that you can describe why you want a community hub and how members of the community will benefit. Consulting and involving the community in the development of your plans will be crucial. Your local authority website will also be a good source of data on priorities and local trends. See also open data (data.gov.uk) published by central government to help people develop local products and services.

Once the needs analysis is complete, take stock and evaluate the results. This is a gradual process. If the data does not support your initial plans, then rethink and start the process again. It is important to identify early on if a project is not viable. This will save both time and resources down the track.

Your research may indicate that the community hub will only ever produce a modest profit that can be recycled into the community. If this is the case weigh up whether this potential benefit is worth the many volunteer hours needed to make it work. Do not be afraid to halt the project at this stage if that is what it indicates. There can be a bias towards owning a building as it can seem exciting. Going ahead with a project that is unviable is counterproductive and could undermine the organisation and its standing in the community.

Community support

To develop a community hub and raise funding, you will need to demonstrate that you have enough support. Fully involving the community is also an important part of the sustainability of a community hub after you're up and running. This has the potential to both reduce costs and generate greater community ownership of the facility. If you are considering a community shares offer, community support will be critical.

What needs to be done to demonstrate community support? For most community hubs there isn't 'one community', there are several that will need to be approached in different ways. Can their interest and views be demonstrated through door-knocking, asking people for help, signing a petition, carrying out community surveys, running local campaigns, etc? Make refreshments or snacks available as an incentive for people to come along to your events. Promote the social aspect and arrange creative and participative activities to engage with people.

Brainstorm who in the community you want to involve, where they can be found and how you will contact them. Think about the people in your community who might have the skills you want and who might agree to help. Think very carefully about what you want to know from your community, e.g. do you want their opinion on something specific or do you want them to generate ideas? There are a range of models for community engagement, see: Resources and links section for some examples. Investigate these and decide what is best for your situation.

Think about getting people involved in stages, record the details of interested people/ organisations for future workshops (with their permission!) as they might become regular customers of the community hub in the future. And ask them to reach out to others on your behalf – the snowball effect.

A really important element of your engagement plan should include how you are going to make decisions about what people suggest to you and how you will let people know what you are doing as a result of their input. The local media is an ideal way of keeping the wider community informed about developments, as are public meetings.

Checklist

This section has shown you why you may want to develop a community hub and the early stages of thinking you need to go through to give you a good footing for future development. It's easy when you're excited at the start of a new venture to skip these steps, but they're very important in providing a sound base for the future. If you are seeking funding, you may well find that funders will want to see that you have gone through these steps.

	Yes	No	Maybe
Are the ideas behind your project based on the needs of your local community?			
Do you have good, hard evidence of the needs in your local community?			
Have you spoken to lots of different people in your area to see if they support your ideas?			
Do you know the legal structure you need to make your project happen?			
Have you tested out your ideas through a feasibility study to see if it stacks up			

If you answered mostly yes:

- It sounds like you have a good grasp of the needs in your area, what you need to do to address them and that you have lots of support.
- Think about how you will maintain this level of knowledge and support over time? What can you do to keep people involved?
- Have similar projects been visited and examined to benchmark against as part of an initial assessment of feasibility?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.

If you answered mostly no:

- Think very carefully about what you are planning to do. It is important to get the buy in from the community and test your ideas out with them. Have you thought about existing provision in your area? Would you be better to work with others?
- Have you thought carefully about your aims and objectives, and do they make sense compared to the needs in your community?

2.2 Building a positive and effective team

What's in this section:

The key to any venture is often having the right people with the right values, qualities, skills, knowledge and experience. Before you leap into developing a community hub, you should think about defining what you need and how you will get this. Given the diversity of activities it is unlikely that you will find everything you need in one person. You will need to assemble a team of helpers, supporters and volunteers who can contribute to the work.

The skills and experience found in local communities is often much greater than people imagine, and you should see your local community as an asset. Sometimes, you need to look outside your own area for specific skills and you should think about where such skills will come from. Also remember that your needs may change over time – so don't be afraid to review your skills and needs as you go along.

Skills, qualities and experience

Use a skills audit to map out the skills, qualities and experience of the board/management team for your community hub. Develop your own categories as appropriate, or adapt this example (reachvolunteering.org.uk/guide/how-complete-skills-audit) to understand where you have existing strengths and gaps.

Where possible bear in mind the risks of having the knowledge concentrated in one or two people; if they are ill or decide to leave, then this will cause problems. A good financial understanding of the organisation is often not shared across the whole board and time should be devoted to support board members to understand the finances.

In thinking through the skills required, remember you may not need this straight away and it may be possible to develop and train someone to gain these later. Some things are very much knowledge based, rather than skills based and can therefore simply be written down, updated and made readily available. e.g. many aspects of building management can be documented through clear procedures and contained with a basic building user guide covering what to do if the security alarm fails, how to start the boiler, etc.

As well as skills and knowledge, think about the other qualities required – enthusiasm, commitment to local people, ability to be friendly and welcoming, etc. Sometimes it is better to have these softer qualities and train people for the skills. Empathy and knowledge of the local area are also important.

Be open to new members and make the best of their strengths. If the team are passionate and welcoming this often inspires others to join. People are passionate about what matters to them; use this passion. If they want an activity to happen, let them lead on it with the support of the group – this is empowering and will encourage individual growth and skills development.

Values

As well as skills, knowledge and experience you want to ensure that the team have a shared sense of values, such as a positive attitude to community action, a belief that by working together you can make a difference, etc. It may be helpful to draft a 'values statement' so that everyone is clear and can buy in to the stated values. Also, see the section on having a positive culture.

Leadership

This is an important aspect to any community venture; it is often through individual leaders that ideas start to turn into reality. However, leaders can't do everything themselves and good leadership is about ensuring the best team is in place to drive a vision through. A talented and charismatic leader can be an enormous benefit – but you must ensure the right controls and accountabilities are in place.

Different types of leadership may be needed at different points in a project life cycle, e.g. the leadership qualities to get an idea up and running, getting people engaged and supportive are different to managing a project, keeping on top of finances and policies, etc.

Dealing with conflict

One of the best things about working with the community is that it involves so many different people. However, one of the challenges of involving lots of people is that there may be conflicting viewpoints. Conflict can manifest itself in any number of ways, but for a project it can mean a lot of time and energy is absorbed through managing clashes and frustrations and people leaving the project. Not everyone setting up a community hub will have the natural empathy or skills to deal with them. It is important to assess how this affects your project and think about where support may come from. Sometimes it may be necessary to recognise that some individuals may have needs that you cannot immediately meet. It is good practice to develop a code of conduct for board, staff and volunteers, and procedure for dealing with conflict (see this website knowhow.ncvo.org.uk/your-team/people-management-skills/staff/managing-conflict for further advice).

Ensure you follow best practice on equalities and diversity (see: The Advisory, Conciliation and Arbitration Service (ACAS) (acas.org. uk/equality). An obvious issue is for people from the local community to be represented in your team wherever possible, but ensure you only require the experience that is necessary – some requirements for experience can be discriminatory.

Research also shows that there is a lack of diversity within most boards, with most charity trustees being male, white, older and with above average income and education.

Most areas have Volunteer Bureaus, e.g. nottinghamcvs.co.uk/startvolunteering.html where community groups can go for advice and information. They can provide an opportunity to match volunteer skills with groups needs and assist in developing policies and approaches to attract the right skills.

Professional services

Skills and specialist knowledge may also need to be bought in. e.g. in undertaking a building project you are likely to pay for the skills of an architect or a surveyor for instance.

Some community hubs get the services of professionals onto their boards. Depending on how you do this, you may have to be careful how you use their advice, e.g. many lawyers may come onto a board, but they are unlikely to be insured to provide advice. In addition, that advice is unlikely to be independent as they are on your board. Professionals on your board can be very positive; just be realistic about what they can do.

Be careful about the use of pro-bono (free) services. Many professionals offer free services to community groups and this is helpful and positive, however, it often means you will be behind the queue of paying clients and response times and thoroughness can be frustrating. Many community hubs successfully use pro-bono services, but they need to be managed with realism and care. Most private firms do not have a specific route for bringing pro-bono projects to the table but are identified via staff networks and direct approaches from projects or previous clients.

Checklist

This section has helped you think about the people you need to deliver the project. You may not begin with the perfect knowledge or skills mix; be adaptable and flexible in using the people around you.

	Yes	No	Maybe
Have you identified the skills, experience and knowledge you need in the team?			
Do you have people with good knowledge of the local community?			
Do you know how you will get this knowledge or develop it with your people?			
Are you well set up to monitor things, supervise staff and appraise their performance?			
Does your leadership have the right qualities for your stage of development?			

If you answered mostly yes:

- It looks like you have a good approach to people management.
- Remember that working with people can be complicated. Do you have access to good advice if needed?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- Remember to think beyond how people come across and ensure you have good processes in place to manage things well. Remember you are primarily there for your community – not your staff!

If you answered mostly no:

- Think very carefully about your plans. Staffing troubles can easily get out of hand and can end up taking a lot of time and energy to resolve.
- Do you have lots of cliques in the team, high levels of sickness and absence and lots of unhappy people? It's hard to run a welcoming community hub with that going on.
- Think about getting some external advice and help – but don't ignore problems once you become aware of them.

2.3 Having a positive culture – involving lots of people from across the community, being accountable and embracing change

A good way of thinking about culture in this context is that a business plan may set out **what** you are going to do, culture is about **how** you will do it. Community hubs are all about the local community. You need to think about how your structures relate to the local community. You need to identify mechanisms for talking with your community, so the community hub is both accountable and responsive to local needs. You should encourage people to get involved early on to get buy-in and trust. You shouldn't wait until the 'finished' product is ready before consulting with people.

A key test is to think about how decisions are made. What role do users and the local community have in this? Is there regular and effective consultation to inform and communicate your decisions to the local community and therefore be accountable to them. Accountability also applies to funders and other stakeholders as part of building positive and effective relationships.

Finally, you need to think about how you manage change. Community hubs operate in a fluid and uncertain environment and you need to develop ways to be adaptable, forward looking and respond positively to changing needs for the benefit of local people. The implications of this can mean different things, e.g. diversifying or extending services, growing the staff/volunteer base, seeking new partners, etc.

People structures

How you organise the people responsible for the work is important. What sort of hierarchy, if any, do you need? If you opt for having management levels in an organisation be careful not to make it too complicated. Simplicity is the key. What is important is understanding who is responsible for what and how people are accountable for their actions.

Volunteers are valuable but must be managed and organised. It is common in a local building for volunteers to have a real sense of ownership – which is positive – however, this must be balanced with management and accountability. Be careful to avoid situations where one or two people start to take over in a way that stops others from getting involved. Working with volunteers is a two-way relationship – both parties need to benefit in some way.

How are decisions made?

A good community hub will have local people at the heart of decision making. Think in advance how you will do this and try to be consistent; a community can get disheartened and disaffected if they feel you haven't sought their views when they were expecting this.

Decision making with the community is more than simple consultation. While consultation with the wider community is important you need to think about how far you have community representation in the ownership, management and governance of the organisation. Good community engagement should be at a wide range of levels.

Don't assume a problem is too complicated for a community to be involved in decisions; you need to ensure that information is available in ways that can be understood by the community – your best resource is time! Take time to explain things, take decisions in small chunks and make sure you move forward with your community each step of the way if possible. This can mean that decision making takes longer – but this may be the price to pay for keeping your local community support and making the best decisions for local people.

Remember the wider community too; business, local authorities, health services, etc. Getting their buy-in on key decisions can be important too.

Accountability to the community, funders, etc

As well as decision making think about your accountability to stakeholders. Keeping people in the loop is very important in terms of ensuring future buy-in and support but also helps you cope better when things go wrong. Your project may be "your baby" but it is likely you will still need a high level of accountability (see: Community accountability in community businesses powertochange.org.uk/research/community-accountability-in-community-businesses/).

Accountability is not the same as involving local people in day-to-day decisions – it is about keeping them informed and explaining the decisions you've made. In practice, there are several ways accountability can be achieved, e.g. through formal structures such as meetings and involvement in local plans and regular communications through social media, notice boards, leaflet drops and newsletters.

Accountability to funders is often through you giving them regular reports, statistical information, financial information, etc. Some funders may be invited or ask to attend steering groups, project groups, etc. Be clear what their role is so that they do not stray into becoming decision makers.

The board will also need to be accountable to others. This might be funders, regulatory bodies, shareholders, members, subscribers, Companies House, etc. The board should specify what information it needs in order to make the key decisions, based on clear and up to date information, reports and presentations. There are normally clear processes for this depending on your structure and constitution (resourcecentre.org.uk/information/constitutions/).

If you set the tone right in terms of accountability, it can be a powerful tool. It's a means by which to build the credibility of the organisation within the local community. For example, it can be useful to show users how the money paid for room hire and letting out space is used to keep the community hub open and to pay for essential items like utilities, cleaning and repairs.

Are we adaptable and forward looking?

It is important that you develop a culture where you can adapt to change. Most successful community hubs are defined by their ability to respond positively to changes in funding, regulation, community makeup, government policy, etc.

Adaptability requires you to make time for "horizon scanning" what is coming up? What is likely to affect you? In this way you can be as prepared as possible early on.

It also requires engaging with others. If you spend all your time at your community hub and don't get out and about and meeting other people connected to your work, you may well miss out on information about up and coming changes. Getting the balance right with external liaison is important.

Adaptability is also a mindset, embracing change and seeing positive opportunities wherever possible. Sometimes this must be managed carefully with volunteers and communities who may be resistant to some changes.

Checklist

This section has hopefully helped you think about how you do things and how to strengthen your relationship with the local community. Remember, if you are not up for this level of engagement and accountability then maybe a community hub is not the right path for you.

	Yes	No	Maybe
Do you have clear plans for organising people to deliver, monitor and make decisions?			
Is the local community really involved in decision making on the important issues?			
Do you have appropriate systems in place to ensure that you are accountable to the community and other stakeholders?			
Are you good at anticipating and reacting to external changes in policy, law, local plans, etc?			
Do you respond positively to requests for change to continually meet your community's needs?			

If you answered mostly yes:

- It looks like you have a positive culture that involves people and responds well to feedback.
- Have you thought about how you learn from big events and continuously improve the work you do?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- Are you clear on the difference between consultation, decision making and accountability?
- Have you asked your community how they would like to be involved in addressing their priorities?

If you answered mostly no:

- Think very carefully about your plans. Once you lose community trust and support you may find your project starts to collapse.
- It's easy to leave some of these things until last, especially when you are busy responding to requests for information. However, having a positive culture will make life easier, encourage more volunteers and help you to get things right first time around. Try not to cut corners here.
- Do you need to involve others to help get information from the community? Do you assume things are too complex for the community to be involved? Have you talked to others about how they manage this aspect of their work?

2.4 Providing services local people value and which can be paid for

What's in this section?

Getting your business model right is crucial, as is making sure what you provide is needed and can be paid for by someone. This means gathering evidence that is more than just hearsay and testing levels of demand. Community hubs often work in deprived areas – so think about the fact that local community members may want and need something but cannot pay for it themselves; where will the funding come from? You can generate income from service contracts, grants and fundraising and directly through fee paying services. Understanding your markets and what can be paid for is very important.

Once you have a good understanding of this you can develop a business plan (gov. uk/write-business-plan) that shows what will be delivered and how it will be paid for. Your business plan needs to bring all of this together to show how everything in total will be affordable and how you will maximise the use of the building. Think about what you will do yourself and what others can do; remember you don't have to do everything and there may be others who are best placed to undertake certain activities.

Business models and community hubs

There are two balancing requirements – the value proposition and revenue generation:

- What are you going to do for your community and how are you going to pay for it?
- Is there a clear need for what you plan to do?
- What is the evidence for this?
- What levels of demand can you anticipate?

In thinking about this, bear in mind that where you make your money isn't necessarily the same as where you want to make an impact. For example: you may want to run a lunch club for local elderly residents – while they can contribute to this, the costs of running this club exceed the income you get. However, the room you use for the lunch club is only used for 2 hours a day. You may be able to rent the room out at other times to local businesses, other organisations and groups, schools, other local services, etc. The income generated from this activity may help to fund the gap of income for the lunch club.

In thinking about your business model, you need to be very clear about balancing your community purposes with income generation. Sometimes these can be the same thing and, depending on your structure, there may be rules about the amount of trading you can undertake. This should not deter you, rather it can help to inform the type of constitution you choose for your organisation (see the section on structures and governance).

If we assume that community hubs are usually associated with a building or asset of some description, then another way of thinking about your business model may be to think "What do we do with the space?; How can we make money from it?; How can we use the space to benefit the people in our community?". Ensure you are aware of the costs and responsibilities of becoming a landlord and that you are confident that you can meet them.

Income generation for community hubs

It is not unusual for community hubs to have multiple business activities delivering value and generating revenue in different ways. Some business activities can make a significant contribution to the organisation's overheads, whereas others may be loss making but subsidised by the profit made by others. However, those loss-making activities may be generating significant social impact, e.g. providing people with new skills for employment, justifying that subsidy. The right combination ensures overall viability.

The main areas of income include:

- Service contracts:
  - Contracts from local authorities, health services, employment services, education, etc. For example, undertaking therapeutic activities for people with mental health issues or providing training qualifications. Please consider these carefully and find out as much as you can; many of these services are let through complex Prime Contractor arrangements and the risks can be high.
  - Contracts to local businesses – e.g. recycling services.
- Grants and fundraising:
  - This may be through larger grant making trusts (e.g. the National Lottery Community Fund) and/or regional and local trusts). Bear in mind that grants are normally time limited and restricted to a specific purpose. Many funders are reluctant to enter long term relationships where organisations are seen to be reliant on the grant funding.
  - Fundraising through your own activities, e.g. through a Friends of group, sponsored runs, Crowdfunding, etc (see: funding options at the My Community website: mycommunity.org.uk/funding-options).
- Retail and fee-paying services. Some examples include:
  - Creative workspace/hot-desking.
  - Community events and fundraising; author events, arts and crafts classes, technology and gaming.
  - Community cinema.
  - Advice and information contracts.
  - Holiday clubs.
  - Cafes and bars.
  - Hospitality and private events (e.g. birthday parties, weddings).
  - Land can be used for growing and selling low-cost fresh fruit and vegetables.
  - Car parks.
  - Markets.

Charges should be commercially competitive with similar facilities in the area. Remember, when considering what the competition looks like, this must also include consideration of the less obvious factors, such as: access, customer service, additional facilities (e.g. provision of refreshments, business services, broadband, etc).

If there are no similar facilities nearby, charges should be set at realistic levels to attract customers but generate enough return to cover overheads and pay for good management and maintenance. Remember, if you are operating in a more deprived area, you must be realistic about who will pay and their capacity to pay.

If you are a charity, running certain operations such as a café or a bar may require the setting up of a separate company or an arrangement to rent space to another organisation to operate it (see: Charities and Trading (gov.uk/guidance/charities-and-trading#primary-purpose) advice from the Charity Commission). In addition, charities with an income over £5,000 must register with the Charity Commission. Take legal advice on this – it will save you time and further legal expense later.

It is worth taking special care with cafes and bars. Many community hubs often feel these will be good "money spinners"; the reality is that they rarely make enough profit to contribute to the other running costs and in many cases, they make a loss. Bars tend to the slightly better in terms of profitability but there can be lots of management issues in running a bar. For both items, think about what you are trying to achieve and focus on the best way of doing this. A simple café can be a great way of attracting people into the building, so it may serve other purposes (see: The community

business success guide to cafés (powertochange.org.uk/research/community-business-success-guide-cafes) which explores how community businesses earn money from cafés and Successful Museum Cafés (aim-museums.co.uk/resources/successful-museum-cafes/).

Other income generation includes:

- Rental of roof space for mobile communication masts.
- Electricity generation from harnessing renewable resources (solar, wind, water).

Business Planning

Careful evaluation of each business unit within the community hub must be undertaken. For example, if the development seeks to include office space, a crèche and a gym, then a needs analysis should be carried out for each element. You will need to develop a section in your business plan for each element.

Business plans do not need to be long and complex; keep them short, relevant and to the point with a clear understanding of the assumptions you have used. The clearer and shorter your plan, the more likely it is to be used. Although funders and other stakeholders will often ask for a business plan, the business plan is for you! It needs to be developed in such a way that the organisation 'owns' it. It should give the fledgling community hub the confidence that their ambitions can be successfully realised. Therefore, the journey of creating it is just as important as the destination point.

You could use a balanced scorecard (see: Resources and links section for an example) to help the business planning process. This simple tool, designed to fit on one page, supports conversations about the organisation's strategic plan and gives it credibility. As a process it provides clarity about the activities as well as working through finances, social outcomes and business streams for now and in the medium and long term.

Your business plan needs to show how you will balance the loss making and the profit-making aspects of your community hub to ensure there is an overall healthy position for your finances. It is common for a new venture to make losses initially before it establishes itself and moves into profit. If this is the case, you need to know how you will cover these early losses, so you don't fail before you get a chance to move into profit.

The business plan should include a project management plan. This is a document for keeping a project on track. In your project plan, you identify the scope, goals, deliverables and deadlines of your project. It is most commonly represented in the form of a GANTT (excel-macros. co.uk/project-management-template/) chart to make it easy to communicate to everyone involved in the process and external stakeholders.

The business plan usually includes a risk analysis. Most are presented in the form of a table, where items of risk are rated high, medium or low based on the likelihood of the risk occurring and the severity of their impact should they occur. A strategy of mitigating actions should be developed to either eliminate the risk entirely or limit its detrimental impact. Although it is often considered an afterthought, going through the process of identifying and countering risks is a crucial step. It might prompt you to alter your business plan, e.g. increasing the level of working capital required because of the risk that sales targets will not be met.

Working with others

While considering your business model you should also consider what services you will provide yourself and what could or should be provided by others.

In some cases, it is cheaper to let others provide certain services rather than for you to absorb all the risks of delivery. For example, you may work with a local college to provide English Language classes – they will be well placed to provide this with qualified staff, all the necessary systems and processes and may even have access to funding.

What you can provide is a relaxed, familiar space for local people (who may not dream of going into the college) and an opportunity for them to access other services at the same time. The college may pay you for the use of the room – and you may have some requirements about who takes up the course, etc.

This may also relate to how you run and manage the community hub, e.g. it is common to use a payroll provider to do the calculations for staff pay deductions, tax, pensions, etc. Many such providers can provide this specialised service cheaper than if you paid a dedicated member of staff to do so.

Hours of working

You should also think about opening times. It can be expensive to keep a building or facility open over extended periods with paid staff. On the other hand, this may be your main asset and ensuring it is used to the fullest is important. Think carefully about your assumptions and how you will manage opening, closing, building security, noise nuisance to neighbours, etc.

Photographer: Andy Aitchison/Local Trust

Local residents taking part in the Trinity Tea Dance at the Trinity centre, North Ormesby Big Local, Middlesborough.

Checklist

This section has outlined what you need to think about in developing your business model and how this builds into a business plan. Obviously, you can't plan for everything, but having a good sense of what you plan to do and how you plan to pay for it is critical for success. Don't be afraid of developing your assumptions here; you need to start somewhere, and you can always change them later as more information becomes available.

	Yes	No	Maybe
Have you identified the target market for each activity and how you will pay for it?			
Do you have an approach to your space that generates both income and community benefit?			
Do you know which activities make profit, and which don't?			
Do the profit-making activities outweigh the loss-making activities in monetary terms?			
Have you developed a sound, usable business plan?			

If you answered mostly yes:

- It looks like you are well on the way to developing a good business model.
- Think about where there is risk in your model. What can you do to mitigate this as far as possible?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- You may need to think about the balance of some activities to make things stack up financially.

If you answered mostly no:

- Think very carefully about what you are planning to do. You will need to make things work financially for you to be sustainable. Have you thought about what might be able to be paid for by others? Would you be better to work with others to improve the viability of the project?
- Are there other activities you can do which help meet your community needs?
- Do you need some further help to develop your plans and test them out?

2.5 Building positive relationships with others

No community hub works entirely independently. All local communities are complex structures involving a range of individuals, businesses and public agencies. Successful community hubs have great relationships with a wide range of other organisations, identifying where there are common goals and working together to achieve these. These relationships may be based on informal information sharing right through to collaborative, formal partnerships.

Understanding your local community and where power lies is critical in helping you map out who you need to be working with and how you can work together. It is also helpful to understand who might be competing with you for funding, contracts, and people. Having a clear response to this competition is important in identifying a responsible and sustainable way forward.

Partnerships and Collaboration

In some cases, it may not be possible or the best option to take on and deliver a community hub and it may be beneficial to work with other potential partners to develop new approaches.

Solid partnerships and collaboration can strengthen the power of individuals, organisations and communities. However, collaborative working is not always easy. There are a range of approaches, motivations and outcomes, and often it is the people and power dynamics that can determine whether a collaborative venture succeeds or fails. It can help to work with an independent person who can act as an 'honest broker' and work through the various stages of partnership development. It is important to note that successful partnerships are often based on relationships of trust and clarity and can take a long time to build up.

You might find this simple set of principles useful:

- Collaborative working is essentially an arrangement that should enable those taking part to deliver their mission more effectively and make service improvements.
- There needs to be clear and measurable benefits desired by each organisation that will lead to service improvements. These benefits are not necessarily the same for each partner but should be acknowledged and understood by all.
- Collaboration aims will relate to a shared operational activity, delivered on behalf of the collaborating group.
- The partnership must develop and set a strategic direction for its shared operations in order to deliver individual service improvements for partners.
- Individual organisations will need to satisfy themselves that the benefits are worth the investment in the collaboration and are in line with its mission.

Key Actions for partnership development include:

- Developing a shared purpose, a clear vision and a strategic plan.
- Undertaking a risk assessment.
- Developing a monitoring and evaluation framework.
- Identifying and recommending an appropriate legal structure.
- Developing partnership agreements.
- Developing membership criteria.
- Agreeing roles and responsibilities.
- Understanding different organisational cultures.
- Dealing with conflict and building relationships.

Local Authorities and other public bodies

While there are country-wide variations, it's a difficult time for local government. At the same time as funding from central government is reducing, local authorities are facing increasing pressures from, for example, an ageing population.

However, communities, people and organisations are often better placed than local authorities to develop new approaches for the delivery of services for residents. Communities can take ownership of issues and services that are important to them and, with the support of local authorities, can develop their own local solutions. Community organisations are also sometimes better placed than the local authority to attract external funding and to secure inward investment for local communities.

In a drive to give citizens more control over how their community develops in the long term, many public bodies and communities are working together to find new ways to deliver and fund local services and explore associated ideas of belonging, localism and community ownership. Several options are available to help facilitate this, including:

– The transfer of buildings, land and responsibility for the delivery of services, for example via the Community Asset Transfer (mycommunity.org.uk/take-action/land-and-building-assets/community-asset-transfer/) process.

– Funding support to local organisations for the on-going delivery of local services.

– Funding from local organisations, for example via Town and Parish council precepts in support of on-going service provision.

Other public bodies that can play a role include the Clinical Commissioning Group (CCG), the Police and Fire and Rescue Service and local Town and Parish Councils. Many public bodies are considering 'upstream' activity, where radical solutions could tackle problems before they become critical and costly. A thriving community hub could make a valuable contribution.

Who holds power to help you do what you want? Recognise that there can be a power imbalance. Familiarise yourself with their structure and objectives. Find out what their priorities are and tailor your message to the audience – show how a partnership could benefit them. First impressions are crucial; take care to get them right.

Relationships with funders

It is important to develop long term relationships with funders, even when there is not a direct funding relationship, as it keeps you at the front of their minds for the future. You may be able to influence their policies over time; for example, getting them to visit your area to see the needs for themselves is much more effective than simply telling them. While these issues may not be on their immediate priority list for funding you may be able to influence future plans.

Try to identify local funders and develop this relationship over time as it can pay dividends in the longer term. The best routes to local funders are via the local CVS organisation, search the map (google.com/maps/d/viewer?mid=1CLaMjxaggSWuihJUlHpJvr_E8nE8Jouj&ll=52.78151136491918%2C-1.9642231999999922&z=6) by NAVCA, the national membership body for local support and development organisations in England. See also the MyCommunity (beta.mycommunity.org.uk) website where you can carry out a search of funding options.

Can you describe your vision succinctly? Practice your 'elevator pitch' to funders. It is important to be able to explain what you are trying to do, why it matters and how the funder can help (now or in the future). Collaborate with partners as well as approaching funders; it's important to expand and diversify your partnerships (see: Striking a balance: a study of how community businesses in Bradford, Hartlepool and Middlesbrough build working relationships with the public, private and third sector (powertochange.org.uk/research/striking-balance-study-community-businesses-bradford-hartlepool-middlesborough-build-working-relationships-public-private-third-sector/).

More progressive funders like to develop partner relationships rather than passive relationships with their grantees. This means you will be able to talk to them and to show them you have value beyond just delivering services. You will need to be confident and clear about what you are saying.

You may have a contractual relationship rather than a grant relationship. Even where there is a contract rather than grant involved, it is important to recognise your shared goals and to develop relationships on this basis.

When taking on a premises, an important point to note is that many funders will not want to invest if they believe the project will primarily benefit the landlord by adding value to their property. In order to ensure that their investment benefits the community hub and its users, they will want to ensure that you have security over the property for a reasonable period (this is an important negotiating point with local authorities when a Community Asset Transfer is being sought). What is reasonable may depend on how much they have been asked to invest. The most secure agreement you can have with a landlord is a lease. This is why many funders will want you to enter into one with the owner. They may want to put a charge on the lease too (see also the section Acquiring community hub premises which deals with related issues about renting or buying and getting legal advice).

Relationships with businesses

Many local organisations think that it would be beneficial to have local businesses involved. But it is important to consider why businesses would want to work with you? Identifying the benefits of such a collaboration will help you understand how best to approach potential business partners and how to get the best out of the relationship.

A business may be very committed to the local area for a range of reasons. They may want to see the area prosper and thrive and want to support you for reasons of corporate social responsibility. However, other businesses may have a direct interest in what you are doing – this could be anything from renting out meeting space, to wanting access to your customer base. If it's the latter, you need to carefully consider the extent to which you want to be linked to a certain business and whether you are comfortable being seen to be promoting their services. Local communities may feel that too close a link with some businesses lessens community ownership and control.

As a first step, identify local businesses you wish to partner with and consider where you interests align . Remember, the support they may offer can be wide ranging. For example, it may include giving you a donation, contracting with you for services, renting space (for staff away days), or entering a relationship where you give them access to users of your community hub.

Be clear as a group and as a community whether there are businesses that you would not accept support from for ethical reasons e.g. environmental concerns.

As well as general support, you should think about local supply chains. Which local businesses could supply goods and services to you, and vice versa? Local supply chains can be a good first step in building robust local relationships and supporting the local economy.

Relationships with other community organisations

Get advice from other community hubs and community organisations – there's nothing more important than talking to someone with direct experience. They may be happy to share insights such as their business plan, costings, and help you identify signposting or collaboration opportunities.

Other community organisations can be helpful to:

- Join forces in lobbying local policy makers.
- Develop a wider spread of evidence.
- Joint referrals to and from complementary services.
- Peer learning.
- General moral support in a difficult environment.

Are there membership or infrastructure organisations who can help and support you? Different organisations offer different packages of support and are targeted in different ways – do some research to find the best ones for you and what you are doing.

Relationships with local people

In earlier sections we have covered the benefits of engaging, and carrying out needs analyses, with local people, as well as using their skills as volunteers in terms of service delivery.

It is important to recognise that, as a community hub, fostering and maintaining positive relationships with local people will be key to your success and sustainability.

Your local reputation is very important; community hubs that lose the confidence of their local community will struggle to deliver effective services.

Once you establish a reputation as a key local resource, valued by your community, local people will be far more willing to support you when needed.

Photographer: Andy Aitchison/Local Trust.

A weekly training session for the Infinity dance troupe at the Hub community hall, supported by Stoke North Big Local.

Checklist

This section has helped you think about who else you need to work with and why. While you may have talented, engaged people around you with an excellent knowledge of your local area, at some point you are still likely to need the support of others around you. Think about these potential skills gaps and relationships at an early stage and map your relationships systematically.

	Yes	No	Maybe
Do you know who you want to have partnerships with?			
Do you need agreements in place to ensure that key project requirements can be achieved?			
Have you got good relationships with your local authority, other public bodies and funders?			
Have you got good relationships with local businesses and other community organisations?			
Have you identified where the project adds value to relevant local policies and plans?			

If you answered mostly yes:

- It looks like you have some good relationships locally that can help your project on its way.
- Think about mapping your partners to identify gaps and keep them under review.
- What are you doing to maintain these relationships over time?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- Are there particular areas of weakness where you need to work with others to get more help?

If you answered mostly no:

- Think very carefully about your plans. Successful community hubs have very positive local relationships.
- What are your priorities for the activities you are planning? Who can help you achieve what you want to do?
- Are you clear on where you need a full partnership arrangement in place and where you may need something a lot lighter touch?
- Do you need to get yourself invited to more local forums, register with email updates, etc. to find out what is going on in your local area and provide positive input to discussions?

Case study illustrations

See the following case studies in the research (https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success):

- 8.1 The Colebridge Trust: An example of creating local authority relationships and building stronger communities (page 51).
- 8.3 Heeley Trust: An example of challenging business models, including delivering low margin contracts (page 54).
- 8.4 Ripon Community House: An example of increasing income from the building and cutting running costs (page 56).
- 8.6 Brockweir and Hewelsfield Village Shop Association: An example of balancing the need to generate income without undermining the viability of other local amenities (page 60).
- 8.7 Colindale Communities Trust: An example of engaging with the community and partners to create a shared vision and objectives for the area (pages 63 and 63).
- 8.8 The Welcome: An example of developing beneficial relationships with local businesses and funders (page 64).

Photographer: Andrew Aitchison/Local Trust.

Cooking at the Friday morning activitiy session at North Ormesby Big Local, Middlesborough.

Step 3. Acquiring community hub premises

3.1 Ensuring that the building is an asset, rather than a liability

Community hubs that are assets (rather than liabilities) guarantee rights of occupation and can help your financial position; enabling you to borrow money and provide confidence to funders and commissioners. However, community hubs are only assets if they can generate net revenues or, failing that, if there is a stable source of subsidy, in the form of grants or endowments.

Make or break issues to do with the building

To allow the Board to decide whether to proceed with trying to acquire a community hub, information will be needed about its physical condition, and any changes which may be needed to make it fit for purpose.

Basic information about the building might include:

- Running costs – the general costs to run the building, e.g. heating, lighting, insurance.
- Condition survey – a detailed analysis of the current condition of the building, repairs needed, etc.
- Valuation – the market value of the building. This is crucial for negotiating a purchase price and/or raising finance.
- Estimates of the cost of repair, refurbishment and reconfiguration – this should be based on how you intend to use the asset.
- Are there physical problems with the building, e.g. making it accessible to people with mobility problems, planning restrictions preventing physical changes or change of use?

Historic underinvestment may mean that significant refurbishment or maintenance costs are required. In order to ensure the community organisation is acquiring an asset, not a liability, they should obtain an independent survey, with specific reference to:

- Structure.
- Roofs.
- Ceiling.
- Internal/external walls.
- Doors.
- Electrical services.
- Mechanical services.
- Decoration.
- Fixed furniture and equipment.
- External areas.
- Stairs, lifts and disabled access.
- Alongside a schedule of identified work/ maintenance backlog and any health and safety risks.

In many cases, there is an assumption that the council will step in to assist tenants with their expenses. There is, therefore, little motivation for the tenants to spend money on maintenance. But local authorities no longer have spare cash to spend in this way. Therefore, consider how to ensure the accumulation of funds for ongoing maintenance, future development and the creation of a sinking fund to meet unexpected eventualities.

If there is land/green space included, think carefully about its improvement and ongoing maintenance. Land can be a big drain on resources, e.g. resurfacing a car park isn't cheap, tree roots can undermine foundations and sloping sites can flood. One-off grants and donations can be sought for specific projects and major improvements but satisfy yourself you can afford to meet any requirements into the future.

Renting and buying

Whilst many community hubs have security of tenure for their building/space through either owning it outright or having a long lease (i.e. at least 25 years), not all community hubs operate on the same terms. Indeed, some are content to have a licence, rent a room or even share a space with another organisation to deliver improved services in their area.

If you currently occupy a building look at the terms of your lease or license as they may affect what you can, and cannot do, whether you can take a loan, whether you can sublet all or some of it, etc. Check to see if your organisation has entered into any service level agreements or management agreements with funders or service commissioners which may affect your ability to turn the building into a community hub.

Legal advice about the Premises

As a rule, you should take legal advice on the contents of a Premises agreement before you formally agree and sign it. How much this advice costs will vary depending on your circumstances, but a lease will generally take the longest to finalise and, therefore, cost the most. You may be able to shorten the process by looking at other organisations' leases first, but it could also confuse matters if the original agreement has been drafted poorly. Beware, the landlord may seek to recover their legal costs from the tenant, so this could be a point of negotiation.

Although it might be tempting to put off paying for legal advice until the last minute to keep costs down, it almost always pays to talk to a solicitor early on. Be an 'informed client' and get yourself organised beforehand. Draw up a brief and send it to a selection of legal firms to get comparative quotes. The legal profession is extremely competitive and there is negotiating potential. But don't rely on price alone as the only deciding factor, get recommendations from other community organisations too. You can search for solicitors through the Law Society (lawsociety. org.uk).

The bigger firms have a range of day rates for trainees, part/full qualified staff, senior partners, associates, etc. You will need to consider travel costs if you are not using someone local. With property transactions expect to pay between £3,000 – £5,000 (including 'due diligence' on legal title and searches on the property and depending on whether it is a freehold or lease – leases are more complicated/expensive). Incorporation of new legal structures and reviews of current constitution/ updating where necessary and filing would be additional and might cost anything from £500 – £2,000 depending on complexity. Where space hire and lettings are part of the business model for the community hub it is recommended to get agreements professionally drafted. Expect to pay between £1,000 – £3,000 to produce licenses and sub-leases.

Top tips for legal issues:

- Define your needs beforehand but don't delay in engaging a suitably qualified legal adviser.
- Ask your lawyer to inform you in writing of any covenants or clauses that might affect your future activity, e.g. whether you could secure a loan on the property or whether your activities will be restricted e.g. no alcohol or gambling, including bingo.
- Agree clear heads of terms before detailed documents are prepared, particularly where property deals are concerned.
- Be mature about negotiations, recognising the need for some "give and take".

Community Asset Transfer (CAT)

Some community organisations run Community Hubs from buildings owned by their local authority. As they fundraise for and deliver important services that are valued by the local authority, it may be in the interests of both parties for the community organisation to accept a greater degree of control in the building by taking on a long leasehold or even freehold ownership. Where this is done at 'less than best' consideration in return for creating social value, it is known as Community Asset Transfer (CAT).

It is not easy to predict when opportunities for CAT may emerge. Potential assets for CAT may have had a range of past or present uses. Some opportunities may be 'demand-led' through a community organisation asking the local authority if it is willing to engage in a CAT negotiation; others may be in response to external factors or events, for example a proposal for the closure of services managed by the local authority meaning that the building is surplus to their requirements.

The benefits to the community hub may be to rent out parts of the premises to others to generate more income or provide a wider range of services. It may also mean that they can plan more effectively, confident that they are not going to be moved on by the local authority. However, there are risks to the community organisation – the state of repair of the building and whether the costs of taking full responsibility for it can be realistically covered by fundraising or trading. If the building has been under-maintained in the past, this should be reflected in the negotiation process.

In recent years there has been efforts by government, funders and infrastructure organisations to increase the utilisation of CAT. As a result, many local authorities now have policies that set out their expectations of CAT and procedures to guide community organisations through the process. It is highly unlikely that a local authority would transfer its assets to a group of individuals without a separate legal identity, therefore, unincorporated groups would need to incorporate (incorporation also limits the personal liability of the individuals involved).

Unfortunately, identifying who to approach in the local authority is often far from easy. All local authorities have their own structure and organisations should use their elected members to help them navigate around local authority structures and find the right contact. However, make sure that you have community support for your aims first.

There is a wealth of information available on CAT that you should read in your leisure if you are thinking about it. The negotiation stage with the local authority is notoriously tricky. At the very least, we suggest that before organisations agree to the main terms of a transfer, they seek independent advice on the key elements of those terms. There may be an initial cost to this, but it will save time and hassle later.

Checklist

This section has taken you through the various options you need to think about in acquiring a building for your community hub. There's lots to think about and you need to make sure you have looked at all the options including Community Asset Transfer. Getting things right at an early stage will save time and money further down the line.

	Yes	No	Maybe
Do you really need your own building – have you properly thought through the other options?			
Have you got a full list of the positive reasons you want a particular building?			
Have you identified all the liabilities that come with the building (and estimated costs)?			
Have you sought legal advice on the details of the proposed contract?			
Have you properly investigated Community Asset Transfer with your local authority?			

If you answered mostly yes:

- It looks like you have thought carefully about your options and that you have a good sense of what may be feasible in your local area.
- You can always benefit from visiting and talking to other organisations that have taken your chosen path.

If you answered mostly maybe:

- You may need to do some more work looking at your options – while it is easy to get excited about an opportunity, you want to ensure you have considered all options.
- Talk to a range of others, either in your area or elsewhere. Look at what options they chose and why.

If you answered mostly no:

- Think carefully before going too far down your chosen route as you may have some more investigating to do.
- This area is fraught with risk. Make sure you don't make the wrong decision at this early stage. It is better to take a little while longer and get other views to make sure you get it right.

3.2 Building or improving community hubs

Many community hubs consider making physical changes to the building. This is often integral to realising the vision and the business model.

The design and construction process

Assuming that you have the necessary finance and permissions in place to proceed, the main stages of a building, design and construction process are defined in the RIBA (architecture.com) (Royal Institutes of British Architects) Plan of Work (architecture.com/knowledge-and-resources/resources-landing-page/riba-plan-of-work). This organises building projects into eight stages and details the tasks and outputs required at each stage.

In a 'traditional' procurement approach the client appoints consultants to design the development. A contractor is then appointed to construct the works. Architects are often the principle consultants, and they will understand what is expected in terms of the process. The alternative route is 'Design and Build', in which a main contractor is appointed to design and construct the works. Design and Build can be quicker and cheaper because it's a more integrated process, but you may get less creative outcomes. The level of design and cost detail provided can vary considerably depending on requirements.

Whichever procurement route is used, a written form of appointment should be signed between the client and each professional, setting out the terms of engagement including the services to be provided and the payments to be made for these services. The hub should ensure that its advisors are covered by enough professional indemnity insurance so that if a mistake is made, the hub is more likely to be able to recover its losses.

The client and employer roles

Being a client of a building project is a very important role. It can be hugely exciting to be involved in a building project, but it can be demanding too. Building projects often run away with themselves if you don't pay them close attention, so find out what's involved beforehand.

RIBA's publication Client Conversations: Insights into successful project outcomes is well worth a read if you are embarking on a building project as it shows the value of the decisions made by clients when preparing their projects. Another readable guide is Successfully Managing Capital Projects (aim-museums.co.uk/resources/successfully-managing-capital-projects/) produced by the Association of Independent Museums. This provides an introduction to the client role as well as insights from projects, all of which apply to community hubs.

The role of client may also be split. Projects that have various stakeholders and funders may be managed differently depending on their requirements for involvement and decision-making. The client appoints professional advisers, authorises work to happen and agrees the costs and timetable. When the contract is ready for signing, the Employer for the contract becomes responsible. This may be a significant liability for the community organisation and, depending on how the project is funded, there will need to be a decision about who takes on the role.

Construction costs

It is not possible here to give detailed costs for a building project as there are too many variables involved, however, the Building Cost Information Service (rics.org/uk/products/data-products/bcis-construction/bcis-price-books/) and PSA Schedule of Rates provide costs for building works and property management (fees apply to access). As a rough guide we suggest 'small' is 8,000 sq. ft. gross floor area/6,000 sq. ft. net lettable floor area and 'big' is 36,000 sq. ft. gross floor area/30,000 net lettable floor area, although your community hub may be very different to this. Build costs for a high-specification project (e.g. including air conditioning, raised floors, deluxe or non-standard materials, fixtures and fittings, etc) could be upwards of £200 per sq. foot, (ex VAT), but lower specification projects should be less than this. Labour rates also

tend to vary across the country. We would expect feasibility studies to be around 5% of costs, fees to be around 15% of costs and contingencies to be between 10% – 15% of costs. However, experience shows that being clear about what is wanted from the process and the professionals involved will have a massive bearing on the financial outcome.

The construction of a new building and work to an existing building is normally standard VAT rated, but there are some exceptions to this, including village halls and similar buildings, see: gov.uk/guidance/buildings-and-construction-vat-notice-708. There was a time when the cost of approved alterations to heritage assets was zero rated for VAT but as from 1 October 2012 VAT at the standard rate (20%) applies to all materials and services supplied in the course of approved alterations to listed buildings or scheduled monuments. (For more on VAT see also Budgets in 4.1 Running a tight financial ship).

Working with professionals on a design and construction project

Other than minor cosmetic changes, any significant physical changes to the community hub, or building a new one, will need professional input. It is worth remembering that professional advisors are specialists who often have their own jargon and ways of doing things. Dealing with them will require preparation and clear communications.

A wide range of professional expertise may need to be drawn upon. The types of professionals typically involved are:

- Accountant – icaew.com
- Architect – architecture.com
- Building Surveyor/Quantity Surveyor/Valuer – rics.org/uk
- Building Contractors – guildmc. com and builders.org.uk/home
- Landscape Architect – landscapeinstitute. org
- Lawyer/Solicitor – lawsociety.org.uk
- Letting/Estate Agent – arla.co.uk
- Mechanical and Electrical Services Engineer – cibse.org and imeche.org
- Planner – rtpi.org.uk
- Structural Engineer – ice.org.uk

Whatever the project circumstances, the following general principles should be applied to the selection of all advisors and contractors to provide advice and services:

- They should be suitably qualified.
- They should be suitably insured.
- They should have relevant experience.

These requirements need to be checked, so that you don't rely on verbal assurances.

Of course, speaking to organisations who have completed similar projects is probably the best way to identify advisors and learn from their experience. Once advisors have been identified who are qualified and suitably experienced a choice between them can be made. Whilst appointment based on the lowest price might seem preferable, this is not likely to work with design and legal advisors with whom more dialogue is likely to be needed about what the project is trying to achieve.

Different professionals charge in different ways. Professional fees for land and building professionals are mostly related to the total costs of the building contract. For other professional advice different rates may be used – charging for advice by the hour or day and seeking reimbursement of a range of expenses associated with the work (for documents, travel expenses, etc.). It is possible to ask for the work to be tendered on a fixed fee basis and what hourly and daily rates would apply for extra work not covered by the fixed fee. An estimate of the expenses that will be payable in addition to the fee can also be requested. Whatever the rates being charged they should be put in writing and agreed before work is carried out.

Further information can be found in the publication: How to work with consultants powertochange.org.uk/wp-content/uploads/2016/11/Working_with_Consultants_ Merged_FINAL.pdf.

Listed buildings

Historic land and buildings come with an extra health warning, particularly if they are listed. Whilst there are always a few exceptions, the rules relating to listed buildings make work on them more expensive than on non-listed properties.
As a rule, a thorough physical appraisal and an independent valuation should be carried out by an appropriately qualified professional. Do not be afraid to take your time in assessing whether the facility is right for you and do not be afraid to say "no".

Listed land and buildings are considered special for different reasons and any physical changes will need Listed Building Consent (planningportal.co.uk/info/200126/applications/60/consent_types/7), as well as the usual Planning Consent. This might be a formality but could
be quite stringent if you are altering what is considered a gem. Large sites are also notorious for incremental, poor quality changes over time – access ramps, covered walkways, new door openings – that degrade the original character – so it will help your case, from a heritage perspective, if you can argue that your proposal enhances the original building.

Top tips for working with heritage buildings:

- Understand the heritage assets in question. Early consultation with Historic England (historicengland.org.uk/advice/hpg/consent/permissonandhas/) and the local planning authority is crucial for all parties to gain a full understanding of the conservation value of the asset, the project, its costs and the opportunities.

- Find a viable economic use. This must support the initial refurbishment, provide the owner with a reasonable return on their investment and generate enough income for the long-term maintenance of the building.

- Where a fee is involved for its purchase, pay the right price. Purchasers should make sure they pay a price that reflects full knowledge of the conservation constraints and realistic repair costs.

For further advice see: Pillars of the Community (historicengland.org.uk/images-books/publications/pillars-of-the-community/). The Architectural Heritage Fund can provide grants (ahfund.org.uk/england) to help with assessing the viability of a project, or to help fund development costs or to match funds raised through Crowdfunding and Community Shares.

See: Resources and links section for an example capital budget template.

Checklist

This section has outlined the key requirements to think about in the design and construction process. If you haven't experienced this before then talking to other projects can be very helpful. Remember that each project is unique, and you need to make sure that your chosen methods and the people you involve are appropriate for your circumstances.

	Yes	No	Maybe
Have you carefully considered which design and construction method you will use (i.e. design and build vs traditional route)?			
Do you understand each stage of the design and construction process for your chosen method?			
Do you understand your own role in this process and that of other stakeholders?			
Do you have a proper estimate of costs and a timetable from the full range of appropriate professionals involved in your project?			
Are you aware of any special conditions or permissions associated with working on your building?			

If you answered mostly yes:

- It sounds like you have thought through the process and gathered a good team around you and that you've understood the roles of all the various stakeholders.
- Remember, it's your project, but you are also paying professionals for their advice. Talk to others who have been through this process to see what they learnt and how they managed.

If you answered mostly maybe:

- You've started thinking carefully about your project but have some way to go. Don't be afraid to tell people you don't know everything – be prepared to learn.
- There are many ways of getting through this type of project; talk to others, have an open mind and explore the many options you have.

If you answered mostly no:

- You may have some significant learning to get through before you are ready. Look through this guide as a starting point and talk to others who have been through this process.
- Going through all of the complicated processes outlined above can be frustrating when you are eager to get a project started. However, these processes ensure things get done properly, so that you end up with the best possible outcome. Take things slowly to get the best result.

Case study illustrations

See the following case studies in the research https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success

- 8.2 Moor End Development Trust: An example of the importance of getting the terms of the lease right and phasing of restoration plans (pages 52 and 53).
- 8.3 Heeley Trust: An example of managing multiple land and buildings and raising finance (grants and loans) for acquisition and improvements (page 54).
- 8.4 Ripon Community House: An example of raising finance (grants and loans) for premises acquisition and improvement (page 56).
- 8.8 The Welcome: An example of the challenges around premises layout and its impact on use and generating income (page 64).

Photographer: Louise Tickle/Local Trust.

A residents meeting is designed to welcome all ages to the Brookside Central Community Centre. Brookside Big Local.

Step 4. Managing the premises and your organisation

4.1 Managing an attractive, welcoming and well used building

Ensuring your building, whatever form it takes, is an attractive and welcoming space is critical. Whether you rent your space or own it outright, you should see the building as both an asset and a potential liability. Managing both sides of this is important. If you take your building on as a Community Asset Transfer you need to be very careful about any liabilities that come with it. Managing the building may bring several regulatory duties including health and safety, disability access, safeguarding and insurance. You can't ignore these areas and may need specialist help.

Many community hubs rent space out to others, either on a sessional, short term or long-term basis. Getting the pricing right for this is complex; you need to think through what is included, what are billable extras and what might be included in service charges. In developing your planning, you need to make assumptions about the use of space and hires; take care not to be overly optimistic and build in time when the space may be empty.

Finally, pay attention to marketing, maintenance and general management. These activities are important in making your community hub a success.

Environmental sustainability

There are several straightforward actions that you can take to be 'greener' and save on your running costs:

- You should have annual service checks of your boiler and you can ask the person that carries out these checks to advise you on the efficiency of your boiler.
- Turn down or turn off your heating whenever you can.
- You can reduce your water, electricity, gas and fuel oil costs in various ways. You can buy small items of equipment such as water hippos to put in your toilet cisterns or use timers/controllers to turn on and turn off electrical equipment and lighting.
- Insulate and draught proof attics, doors and windows to reduce heat loss and make sure your system is as efficient as possible.
- Cut down your waste collection costs by reducing the number of bins or the frequency they are emptied. You can do this with your premises' users by setting up recycling arrangements, wormeries for non-cooked food waste, composting for organic waste and specialised schemes for office print cartridges and batteries. You can re-use paper and carrier bags, stop using disposable cups and crockery and take unwanted items to charity shops.
- Educate staff, volunteers and your tenants about the importance of reducing consumption. There are many guides and material available. Ask your local authority who often help local organisations to recycle.

The Centre for Sustainable Energy (cse.org.uk/local-energy/resources) provides lots of resources and case studies about how to make community buildings, like village halls, churches, sports clubs and other types of community centres, as energy efficient as possible.

Equality and discrimination

Make sure you know how the equality law applies to you, see: Core guidance: Voluntary charity and community organisations.

Managing community hubs for the community can sometimes mean that there are conflicting views about its use. If a hirer breaks something a natural reaction may be to ban them from using it again; but it is not usually desirable to exclude any group. Alternatively, some groups may want to stop others from using the premises for religious or cultural reasons, for example a women's group may want to prevent men from coming into the building when they are there.

Whilst you cannot predict every eventuality, it is vital that you understand your legal responsibilities and have policies or codes of conduct that set out your position on relevant matters. The most important thing is to talk to people to understand their concerns. Often there are simple actions and effective compromises that can be made to solve potential conflicts. This is one of the most tangible ways that the values of the community hub can be articulated; through policies and procedures that drive behaviour (see also section: Building a positive and effective team).

Photographer: Emily Lovell/Local Trust.

A young family in the community centre in Grangefield Estate, supported by Winterton Big Local.

Accessibility

Discuss with the premises users what access improvements would be most suitable and important to them. It is worth getting advice from an access professional (nrac.org. uk) to get a full access audit carried out. This will provide you with feasible recommendations and options so that planning authorities, your users, the landlord and builders can understand the changes needed (see: Making your community business more accessible and inclusive for people with disabilities – A guide (**https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success** and knowhow.ncvo.org.uk/safeguarding) to find out more about how to make reasonable adjustments to your community hub).

Safeguarding

Your organisation will need a safeguarding (powertochange.org.uk/wp-content/uploads/2019/02/PtC-Disability-Guidance.pdf) policy and procedure if it works with children or young people, or with adults at-risk or in vulnerable situations. Your staff and volunteers should also have a high degree of awareness of their roles in ensuring that children, young people and vulnerable adults come to no harm.

Disclosure and Barring Service (DBS) (resourcecentre.org.uk/information/disclosure-and-barring-service-dbs/) checks (formerly CRB checks) is a process for gathering information about a person's criminal history and is an important part in safeguarding. A DBS check is required for staff and volunteers who work with children or vulnerable adults. All organisations applying for fewer than 100 checks in a year must apply via an umbrella body (gov.uk/find-dbs-umbrella-body), rather than directly to the DBS.

Health and Safety

All organisations responsible for land and buildings must fulfil their Health and Safety requirements. These include:

- Appointing someone competent to help you meet your Health and Safety duties.
- Providing a safe working and user environment.
- Carrying out regular risk assessments.
- Taking action to eliminate hazards and providing training and information to employees, volunteers and users about Health and Safety.

There are detailed regulations that cover each of these responsibilities – they apply differently for organisations with five or more employees. If you do not comply with a regulation relevant to you, you'll normally be committing a criminal offence.

If your lease, license or ownership of a building makes you responsible for its maintenance you may have responsibility to manage any asbestos (hse.gov.uk/asbestos) in it too.

The Health and Safety Executive (hse.gov.uk/voluntary/assets/docs/village-hall.pdf) provide helpful checklists and information to get you started, with lots of examples. Your landlord, the local authority or the Fire and Rescue Authority may also be able to help you.

Insurance

Ensure that you have all the necessary insurances in place to meet your needs. The essential ones are:

- Property insurance – covers the cost of repairing or rebuilding your organisation's premises or replacing its contents.
- Public liability – covers the cost of claims made by members of the public for incidents that occur in connection with your organisation's activities.
- Employer's liability – covers the cost of compensating volunteers and employees who are injured at or become ill through work.
- You may want to consider trustee liability insurance as well; this covers you for compensation claims resulting from mismanagement of the organisation and any associated legal costs.

Explain to your insurers how you run the building (particularly if you operate it without staff or volunteers present). Explain the role of volunteers to ensure they are covered. Make sure you understand any conditions relating to the policy. You should review your insurance needs on a regular basis to make sure that the cover still meets your needs.

In a long lease situation, the tenant would usually arrange their own building's insurance on terms it is content with. If a shorter lease is agreed, then the landlord may want to arrange insurance. Check your lease or license for landlord and tenant responsibilities to ensure compliance with the conditions for insurance.

Obtain at least three insurance quotes. Consider specialists such as:

- endsleigh.co.uk/commercial/charity-insurance/
- ecclesiastical.com/risk-management/charity-insurance/

An insurance broker can feasibly access the whole marketplace for you. Try the following insurance intermediary organisations:

- Association of British Insurers abi.org.uk
- British Insurance Brokers Association biba.org.uk

Space hire

Most community hubs offer room hire. Experience shows that it sometimes makes up to 70% or more of total income. So, getting the room hire operation right can be fundamental to ensuring that your community hub is financially viable in the long-term (see: The community business success guide to room hire (powertochange. org.uk/research/community-business-success-guide-room-hire/) which explores how community businesses earn money from room hire).

If you already offer room hire, analyse your current booking patterns to find out who uses your rooms, what they use them for, when you are busy and when you have space. For example, you may be fully booked during the evening but may have limited demand during the day. Are there local businesses which might hire rooms for meetings? Is the local authority, GP, local college, or housing association looking for space to run services?

Every community hub is different, but typical information on rooms for hire includes:

- Room hire price list for different categories of user and different times (e.g. daytime, evening, weekends).
- Rooms available for hire and their seating capacity.
- When rooms are available (e.g. Monday – Saturday 9 am – 9 pm).
- Equipment hire prices.
- Catering options and prices.
- Any restrictions – e.g. no alcohol.
- Location of building including a map.
- Travel instructions.
- Gaining access to the building – e.g. “It is the responsibility of the hirer to arrange to pick up a key for the building or to meet a representative of our organisation at the building on the day of hire. Please make arrangements in advance to collect and return the key.”
- A description of any potential issues for those with mobility difficulties.

Photographer: Andy Aitchison/Local Trust

Children from Sutton on Sea attend activities at Meridale Youth and Community Centre, supported by Coastal Community Challenge Big Local in Mablethorpe, Lincolnshire.

Be clear about what customers can and cannot do in the building. It is good practice to have a formal hire agreement with users that states that the hirer is expected to behave in a responsible manner and with due regard to your regulations (including those relating to statutory fire and safety requirements) and any reasonable instructions given by employees or volunteers from your organisation.

Explain any restrictions on alcohol, gambling or operating late in the evening.

Can those hiring a room bring in their own catering or can they only buy catering from your organisation?

If you hire out IT equipment – display screens, projectors, etc. – be clear about what equipment your hirers need to bring with them and whether there is any support to help them operate your equipment.

It is the responsibility of the hirer to arrange for any licences and permissions that apply to their hire – this is something that should be set out in the terms and conditions of hire.

Many community hubs struggle with other community organisations, or even some statutory services, wanting to hire space for no charge. While you may identify some projects that you are prepared to do this for (because they meet a fundamental aim of your organisation) you must generate enough income overall to cover your costs. Be prepared in your negotiations; ensure your hirers understand your funding situation and that the local authority is not fully funding the building. Also, be prepared with some simple example costings, e.g. did you know it costs us £X to keep one of our training open for 1 hour? You should also be prepared to "sell" why your building might be worth paying for, e.g. facilities, easy access for the community, footfall, etc.

The use of sports pitches and outdoor space might also generate hire income. Other opportunities could include franchising (café) and corporate sponsorship. Charging for outdoor events may be possible where you have the land, but it comes with licensing considerations and complications if making public space 'semi-public'. If land is being created as a result of a new development, can the developer provide you with a financial endowment for its management?

Letting out space

Letting out desk or office space – sometimes called 'managed workspace' – is different to occasional room hire or sessional use. It can help a community hub to achieve their social purpose and is usually a key element of their income. If you hold your community hub on a lease, you may need landlord's permission to let out space. Review your lease agreement and take legal advice if you are not sure. Many community organisations do not understand the terms of their lease such as their repairing and other obligations and are therefore unaware of the serious liabilities that can arise from them.

If you are embarking on a refurbishment project, you will have opportunities to develop your premises to meet the needs of potential tenants and to incorporate design features to reduce expenditure, e.g. using natural light effectively throughout all parts of the building reduces the need for artificial light. If you already let out managed workspace, keep in regular contact with your tenants to understand their needs and keep an eye on what your competitors are doing.

Think about how the building works from the viewpoint of the tenant. Making small changes can transform the impression that tenants and visitors have of the community hub, e.g. the use of glass and transparency of materials between spaces helps to orientate visitors and fosters a culture of inclusion and equality between service areas.

Some key areas to consider are:

– How do tenants access the building?

– When can tenants access the building?

– How do visitors access the building and find you?

– Do tenants and visitors have to walk past smokers at the entrance or volunteers drinking coffee in the reception area?

Ensure you have plans in place to deal with urgent repairs, including lists of emergency contractors and clarity about who can authorise expenditure. If you are lucky enough to have a long lease where the local authority (or other freeholder) who retains some responsibility for repair of the structure of the building, then it is important to clarify the process for emergency repairs.

If you plan to operate the community hub without staff or volunteers on site some or all the time, then ensure that you are clear with your tenants about their responsibilities, including making it easy for them to pay on time by providing payment instructions! You also need to be confident that your tenants will leave the building safe and secure; can you make it easier for them to do that? It can be helpful to give tenants a checklist. If the premises are large, can you separate it into self-contained zones, so that tenants only must check their own section?

Service charges

Services charges are made by a landlord for services provided to tenants. The ranges of services that can be provided and their cost can vary and will depend on the building that tenants are in. Service charge items can include:

– Utility bills.

– Insurance.

– Cleaning.

– Security.

– Reception.

– Mechanical and electrical.

– Lifts.

– Licenses (e.g. PRS for music: (e.g. PRS for music: prsformusic.com/licences)

– Telephone and broadband.

– Waste costs.

Most of the items above will be influenced by the type and age of the building. An old, draughty building with an old boiler will have higher utility bills than a newer building. Insurance can vary depending on where you are and the security measures that are in place. It is impossible to provide estimates in this guide for these items; you should try and get three quotes/estimates to see what is realistic for you. Also, talking to your neighbours and other local buildings may give you some idea of the costs involved.

If you are the tenant, the details about what service charges you are liable for and how much should be spelt out in the lease or license.

If you are a landlord (or intend to be) you will need to make a full list of the costs of providing services to your tenants and agree the basis on which you will seek to apportion and recover them from your tenants, for example, based on the amount of space that they rent.

Business rates

Business rates (gov.uk/introduction-to-business-rates) are charged on most non-domestic properties. The starting point for business rates is that the organisation occupying the space will be liable to pay business rates (and may get mandatory relief if they are a charity). However, if you are sub-letting an area of the building in a way that gives exclusive use to your tenant, then it may be that they will become liable for the business rates for that area only (and if they are not a charity, they may have to pay in full). This is because part of the test for paying rates is occupation of the property. You can get help with business rates from:

  - Your council (gov.uk/contact-your-local-council-about-business-rates) if you have questions about your bill.

- The Valuation Office Agency (VOA) (gov.uk/contact-voa) if you think your 'rateable value' is wrong.

Organisations taking on a building often want to register as a charity because this status means that some big premises costs, such as business rates, can be reduced (the mandatory relief is 80% and some local authorities give a discretionary relief for the remainder). However, charitable status has many implications that should be carefully considered first. The Charity Commission can provide further guidance.

If you are a charity that is not sub-letting but allowing other organisations to use the space, then you need to be careful if those other organisations are not charities. You need to be able to show that their use of the space helps to meet your own charitable aims, as any mandatory rate relief that charities get depends on the property being used for charitable purposes. You should consult with your local authority about business rates.

Pricing

Previously, when some of the running costs of community buildings would be borne by the local authority, community hubs were able to offer low cost room hire to regular users and operate at low levels of occupancy. However, with increased responsibilities and costs, community hubs need to earn more income by expanding their customer base and revising their charges.

Set a pricing policy to demonstrate to customers that you are being fair to everyone. That does not mean that everyone pays the same. Typically, community hubs charge different rates to local authorities, organisations, private businesses and voluntary and community organisations. They may charge more for private rentals for parties and social events.

Setting prices is also about knowing your local market. Research what other local organisations charge and what they offer for the price. The choice to book your community hub will not rest solely on price – factors like size of rooms, proximity to transport links, facilities and accessibility will also influence the decision. However, if your prices are significantly higher than those charged by similar local facilities then you may struggle to get customers outside of times of peak demand.

Most businesses choose a price point somewhere between what the market will bear and competitors' pricing but striking the right balance can be tricky in a community context. Undercutting another nearby community run organisation may be harmful for all sorts of reasons, think carefully about the impact of your pricing strategy.

If you are letting office or desk space, make sure that you understand the costs you will incur in providing it and include in the rental charge. This begins with your expenditure budget. Typically, these items can include:

- Staff needed to provide the service.

- Marketing.

- Reception.

- Office equipment or services.
- Utilities and water rates.
- Office cleaning and caretaking.
- Business rates.
- IT, broadband or phone.
- Car parking.
- Insurance.
- Refuse.
- Repairs and maintenance.

If you are predicting your costs for a new community hub, you can base them on the actual costs of a similar one – talk to organisations running premises like the one you are planning. If you are predicting costs for an existing community hub, use the historic costs and update them to allow for any changes/inflation. Alternatively, you can get quotes from suppliers for certain tasks to build up a complete picture of your costs.

Your premises will have a mix of lettable space and common areas (like toilets and corridors) which do not generate any income. Most organisations must work with their current layout. However, if there are options to reshape your building to create more lettable space then this may improve your finances.

Ask questions such as 'Does that big room really have to be used for storage?'. Measure the sizes of the spaces – those which are lettable and those which are not – and calculate your running cost per square metre of lettable space. You can then compare your annual running costs per square metre of lettable space against the rent or room hire charge.

Worked example for pricing space

- In our simple example, the community hub is open Monday-Friday, 50 weeks a year, 250 days per year.
- Total space = 480 square metres.
- Total lettable space = 396 square metres (a meeting room that is 36 square metres and a hall that is 360 square metres). The remainder is common areas – reception, toilet and office – which do not earn income.
- If running costs are £20,000 per year, then the cost per square metre of lettable space (£20,000/396) is £51 per year.
- The hall must earn £18,360 just to cover its costs (360 square metres x £51 per square metre). If you divide £18,360 by 250 days, this shows that the hall needs to earn £73 every day the community hub is open just to cover its costs – i.e. 3 hours per day at £25 per hour or 8 hours a day at £10 per hour.
- If the hall is only booked for 3 hours each weekday evening, then a charge of less than £25 per hour means it is not covering its basic running costs.

Once you understand your potential pricing, have a look at the market for similar offers in your area (either by internet-based research or speaking to other organisations locally). How do you compare with the local provision? It is unlikely that your potential customers will pay above the market rate.

Be realistic about the prices you charge and how much income you will generate. If this does not cover your running costs, then you need plans to make up the shortfall through fundraising, trading, sponsorship, etc. Not all premises can earn enough through income from room hire and managed workspace to cover their running costs.

Increasing usage and prices over time may involve having some uncomfortable discussions with regular users but take time to explain to them why changes are needed. Of course, no-one wants to pay more, but your customers have an interest in the premises remaining open. You may feel strongly that you should give subsidised rates to regular customers working with vulnerable people, but you will not achieve your social mission or benefit that organisation if your building closes.

Photographer: Emily Lovell/Local Trust

Across three previously disused buildings in Eastbourne, the Devonshire Collective offers a small gallery, a cafe, several artists' studios, a print room, a pottery room, and space for public workshops, run by Devonshire West Big Local.

Management

Most community hubs need a music licence which covers the using and playing music, and a TV licence. You will need licences if you want to put on performances or serve alcohol (contact your local authority). Check if there are any restrictions set out in the freehold or leasehold of your building.

Many community hubs have limited, or no staffing so rely on volunteers for a range of tasks like cleaning, booking rooms, repairs and maintenance. Some let rooms out without having staff or volunteers on the premises. They may do this through remote access, key codes or arranging for the hirer to collect the key from the local shop. Make sure that you explain the management of the building to your insurer and check that your policy is suitable for the way that you run the community hub.

Having regular hires is a reliable source of income and, even if you might make slightly more with ad-hoc hires, it can be easier for volunteers to manage regular bookings. There is less admin, access arrangements are sorted out and users know the building so don't need an induction.

There are systems available to manage multiple bookings. Popular examples that other community hubs use include: bookingsplus.co.uk/ bookwhen.com/ and book-online.co.uk/. Speak to other community hubs to see what works for them.

Try to anticipate problems. One group advertising their activity with a banner outside the building might seem reasonable but what happens if fifty groups all want a banner!

Marketing your community hub

Marketing is about understanding who you can sell your service to, why they would buy it and where you'll make that sale. See everything from the customer's point of view. Examine the mix of people who use the community hub – do you meet the needs of the whole community or just a small section? Is the building used by and welcoming to young people, people with disabilities and people from minority ethnic communities? When you are identifying your customers make sure that your knowledge of them isn't just based on your own assumptions – that could be partial or wrong. Get informed opinions and published data or conduct your own surveys and market research.

To attract new customers, you need to market your offer. Start with small actions. There are lots of ways, from signs outside the building and posters in local shops to Facebook and Twitter (when using social media make sure it's working for you otherwise you could spend a lot of time following conversations!). Tools like Hootsuite (hootsuite.com) can help you to manage your social media. Community hubs often use Facebook to keep local people up to date with what is going on. So, if self-employed tutors book space to run classes in, say, Zumba or flower arranging, this is immediately posted up and they get bookings. The community hub is a popular place to run these classes because it is easy to get participants – a virtuous circle.

Do the premises have 'kerb appeal'? Do you come across as welcoming and efficient? Flags, planters and greenery can do the trick. Finding new tenants is likely to be a combination of networking and word of mouth, website and social media.
If you have a lot of managed workspace, you may employ a lettings agent.

Once you have customers it's important to keep them. Regular contact with them is key to this. Use a simple spreadsheet or database to keep track of their details to start with but as things get bigger consider a more sophisticated contact management product. There are tools available to help you do this, such as Mailchimp (mailchimp.com/, Hubspot (hubspot.com) and Salesforce for non-profits (salesforce.org/nonprofit/). See the Resources and links section for further examples.

Consider what you are offering to customers and check out what your marketing materials convey to customers – try graphic-design tools like Canva (canva.com/) for a professional look. Remember to collect customer testimonials and use them in your marketing material (with their permission of course!) to boost your credibility and help you to win new custom. Feedback can also be used as part of your monitoring and evaluation – see section: Reviewing what you do and understanding the impact you are having in your area.

To attract customers from outside of your local area you will probably need to develop a website. Make sure that the website gives clear information about what is on offer, what it costs and how to book it. Remember to update your website regularly. It is easy and often free to set up a professional looking site, even it's only a page or two. See the Resources and links section.

Make sure your communications are responsive. Customers who do not know you, particularly businesses and people arranging social events, need a quick if not instant response. If they do not get a prompt response, they will go somewhere else. Talk to other community hubs to find out what is working for them.

Check out options to do joint marketing with other community hubs in your area. Most ideas are not original, they just come from tweaking the ideas of others. Though there may be an element of competition, most community hubs have a slightly different offer and can work effectively together.

Finally, the Media Trust (mediatrust.org) offers charities and community groups a broad range of marketing and communication resources, training and free professional support from media volunteers. They also work with the media industry to provide mentoring opportunities to young people.

Maintaining the premises

You are legally required to maintain on a regular basis key items of equipment and services in your building which are important to maintain it as fit for purpose, such as:

- Gas servicing.
- Electrical circuit testing.
- Portable fire equipment.
- Fire systems.
- Water storage systems.
- Lifts.
- Safety equipment.

In addition to this regular maintenance you should also consider creating a plan either annually or on a five-year cycle for other kinds of maintenance that will be required if your building is not to deteriorate over time:

- Ensuring that repairs are dealt with promptly were damage or breakdown has occurred. This will require a system of inspection and reporting and policies to ensure that employees, volunteers or contractors give any problems prompt attention.
- Cleaning all elements of the premises on a regular basis including gutters and sewage systems, floor covering, windows, etc.
- Painted/treatment of all the external surfaces of the premises that require an applied finish (doors, roofs, etc) to maintain weather tightness (usually on a five-yearly cycle).
- Landscaping and grounds maintenance. Sports pitches can require considerable upkeep, including drainage control.
- Other equipment maintenance such as furniture, kitchen fixtures and fittings, etc.

The production of a maintenance plan is a professional activity, although someone other than a construction-related professional may be able to produce it. The act of making one means that it is more likely that the work needed to repair and maintain the building will be identified and actioned.

In terms of prioritisation, planned maintenance tasks should be assessed on a scale of urgency and importance. Areas that tend to give rise to problems in buildings:

- Where building elements come together.
- Unusual design details or materials used.
- Exposed areas.
- Voids of various kinds.
- Buildings on sloping sites.

Places particularly worth of inspection include:

- Eaves intersections.
- Solid external walls.
- Rendering.
- Window heads, reveals and cills.
- Floors at or below or close to ground level.
- Intermediate timber/wall junctions.
- Chimneys, due to their exposure, and flashings.
- Slate roofs, due to their age.

Staffing

See section Having effective structures and processes for more information on staffing and using volunteers. For this section, it is worth thinking about at what point you will need to employ staff. Larger more complex community hubs tend to employ more staff to run the centre and manage the volunteers. Some hubs run solely on volunteers, but they are usually smaller in size and less complex. It may be helpful to visit other hubs in similar areas and of similar size to see how they manage, what they pay their staff, etc.

Volunteers do not have the same rights as paid staff (although both must be valued equally) and confusion between them can be common. Read advice from The National Council for Voluntary Organisations (NCVO) about the differences.

Read these documents from the National Council for Voluntary Action on how to manage volunteers, as well as national insurance considerations. knowhow.ncvo.org.uk/your-team/volunteers/keeping/treating including tax and National Insurance considerations: knowhow.ncvo. org.uk/tools-resources/volunteers-and-the-law

Photographer: Emily Lovell/Local Trust

Children working together on arts projects at the Newington Community Centre children's club in Ramsgate, Kent, where Newington Big Local is transforming the area through a range of creative projects.

Checklist

This section provided information relating to running and looking after a community hub that you occupy and deliver your own services from. It also gave support for organisations that run premises for use by other groups.

Not all organisations have employees, which can make a big difference to their responsibilities in premises management.

	Yes	No	Maybe
Have you thought about whether you really need to own/build your own building?			
Do you know what professional advice and skills you'll need and when you'll need them?			
If you're taking on an asset transfer, are you clear on the terms and how any constraints or liabilities will impact you?			
Have you thought about the full range of costs involved in running the building?			
Are your income projections realistic and have they been reviewed by others?			

If you answered mostly yes:

- It looks like you have a sound approach to the building development and management.
- However, think about how you will stay on top of this. Have you built in contingency planning (including financial resources) for unexpected events?
- Is everyone involved aware of the risks and how they can be managed?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- Don't be afraid to revisit your initial plans. Good management is all about making the best decisions in the face of the best information.
- Have service charges to tenants (where appropriate) been calculated to recover all costs?
- Have hire/rental levels been set to cover all costs and make a profit?
- Have all the tasks associated with maintaining and managing the building been allocated to staff or contractors with relevant skills and experience?

If you answered mostly no:

- Think very carefully about you plans. Many hubs run into problems with building related matters and they can be expensive and lead to project failure. Think about starting with temporary accommodation or sharing space before taking on your own premises.
- External advice can be expensive but don't skip this step. Have you investigated funding specifically to pay for this advice at a feasibility stage? Visit other similar projects to talk about practical aspects of taking on land/building responsibilities.
- Your initial vision may need to be revisited or may take longer. Can you phase your work differently to make things easier or more affordable?

4.2 Running a tight financial ship

Getting a grip on your finances is very important whether you are working on large or small-scale community hubs. This is an area where people can lack confidence, with the sums involved often being far beyond what people have been used to dealing with. However, the basic principles are the same no matter what the size of the project. Get help and support from specialists with expertise or someone more used to dealing with larger sums of money where necessary. However, make sure you don't outsource all the knowledge or delegate to just one or two people. Although finances can often be seen as complicated, everyone with a leadership role needs to know the important details.

You need to develop clear and realistic budget and cash flow forecasts (see: Resources and links section for templates). These will tell you if your plans and assumptions are going to work. Remember to include all your costs and think carefully about VAT and how this will affect you. If you are undertaking capital building development work, make sure you have separate budgets and cash flows for this and build in contingencies for the unexpected.

Budgets

Most activities require some form of funding to pay for certain costs e.g. staff, expenses, materials, transport, etc. You should think about your income and expenditure and how these are balanced.

You should aim to generate enough profit to enable you to build your cash reserve. This will help you manage in times when you have less money, or should a large repair be needed for example.

In setting your budgets, think about the main areas of delivery (e.g. café, main room hire, etc); does it make sense to separate these out and have a series of mini budgets that together provide the budget for the whole organisation?

Be clear on your income and what services this relates to. Many funders will want to see how their money is spent so you need to account for it properly.

If some of your income is from trading, depending on the type of trading, you may have to pay tax on this so ensure you understand the rules, Some community hubs set up trading arms where they have a service or activity that generates income above the tax exemption threshold and the profits are then reinvested in the community hub organisation.

Think carefully about VAT. You may be required to be registered for VAT and charge VAT on some of your services, see: gov.uk/guidance/charities-and-trading. Where you are delivering to larger businesses or local authorities, this may not be an issue as they can recover the VAT – but if you are renting a room to a small group that is not VAT registered, you may be 20% more expensive than a facility that is not VAT registered. There are also particular VAT issues associated with building works that you will need to consider if you are intending to build or carry out improvements to your building. You may choose to elect the building for VAT and therefore be able to claim back the VAT on construction costs – but you will then have to charge VAT on room rental – which may make you very expensive for small community groups. VAT is complex and you are strongly advised to get specialist advice.

Some funders restrict their funding to certain activities, and you may be required to account for this funding clearly and separately. Ensure you check your funders requirements.

Some funding may come in for an activity that spans financial years, but you may be required to show all the funding in the year in which it was received. This can distort your accounts if you are not careful.

In terms of costs, you may find it helpful to split your costs into key headings, e.g. direct project costs, staffing, premises, marketing, management and overheads. Where you can allocate costs directly to a project you should do so – this helps keep your management and overheads costs lower which is often a factor for many funders. It will be important for you to understand which projects are making a profit and which make losses in terms of making good business decisions. This can help with managing the tension between mission related activity and income driven related activity.

Think about your fixed costs and variable costs:

- Fixed costs usually stay the same no matter how something is used (e.g. insurance on a building).

- Variable costs change with the level of use (e.g. caretaking costs depending the number of hours a building is being used).

Organisations with premises take different approaches to the way that they deal with their fixed costs. An awareness of the relationship between fixed and variable costs is important in understanding your business model and projecting your income and expenditure accurately.

Income and costs may be based on figures you know, but they may also be based on assumptions. You need to document your assumptions clearly so you can check them as your project progresses and adjust them if necessary. You need to check and challenge your assumptions regularly. For example, if you assume your meeting room will be booked out for 7 hours a day you need to ask yourself if this is realistic. Where possible, base your assumptions on previous performance.

Build in contingencies – this provides headroom in your budget for the unexpected. Try to base this figure on the expected risks if you can.

Confirmed and unconfirmed costs

It is unlikely at the start of your planning that all your income will be confirmed – this is usually the case. However, do try to get a sense of how much is unconfirmed and track this over time. This can be an important factor in risk management for your board. You should also be aware of the income that is given on performance basis; e.g. an employment project may get 40% of their funding once a person is in a job and a further 20% once they have been in a job for 6 months. If you get a contract to work with 30 people, it would probably be wrong to assume you will get all this funding. So even though the project funding is "confirmed", it is only confirmed as 'available' and you will need to make some assumptions about how much of it you could realistically claim.

Once you really understand your costs, income and assumptions you can create a financial model to show the relationships between fixed and variable costs. This will allow you to ask some "what if?" questions. For example, what if our room bookings go down by 10%? What percentage of our costs would also reduce? This again allows for more effective risk planning and helps with target setting for income.

Cash flow

As well as an income and expenditure budget you should carefully create a cash flow forecast (projected over three to five years). A cash flow looks at inward and outward flows of money on a monthly basis (very small projects can require a daily cash flow). This can be crucial for organisations without high levels of cash in the bank. Often the point of salary payments is a critical moment for your finances – will there be enough money in the bank? Remember to allow for normal credit terms; if you raise invoices for room hire for instance, you may not receive the money immediately so factor this into your cash flow predictions. Take factors into account like reduced hours of operation for the café in the winter meaning staff hours will be shorter and ingredient costs lower, but heating costs are likely to be higher. Also, contract income will be paid quarterly in arrears. Ensure you are clear on what items to include in your cash flow vs your income and expenditure budget. For example, depreciation may be a major item in your income and expenditure but should not appear in your cash flow.

Capital building projects can be difficult in terms of cash flow. At the beginning there is often a period – up to a year or more – where the community hub is incurring costs that are not matched by a corresponding level of income, particularly where the community hub is trying to establish itself in a new market. Developing a detailed cash flow will help you to understand and plan for the right levels of working capital. This can be in the form of grants or a loan or any other money that is not generated by trading activities. Crucially, it is required to cover any predicted deficits. Evidence shows that the first year of trading is when financial difficulties are likely to occur – ensure your planning is robust in this period.

Loans

Many building projects need a loan for the work. You should be clear on the terms of the loan and the repayment schedule. Remember that the interest repayments should only appear in your income and expenditure, but your cash flow needs to show the full payment, including the capital repayment.

Depending on your governing document and/or the terms of your lease, you may not have the power to borrow or there may be a requirement to seek independent advice before agreeing to the terms of a loan.

To learn more about the different options the Good Finance (goodfinance.org.uk/understanding-social-investment/types-social-investment) website includes a page with easy explanations.

Other things to consider

Buildings need to be maintained. Where possible, get a qualified surveyor to set up a long-term schedule of maintenance, usually over 20 years. This will enable you to plan and budget for expected maintenance expenditure.

Think carefully about liabilities. These can be items that may not be immediately realised but can affect your cash flow or budget dramatically. You may incur liabilities, e.g. membership fees; how realistic is it that everyone will pay, what is your assumption about bad debt?

Expenditure liabilities may be around the building, e.g. a leaking roof that you've repaired over several years but at some point, will need to be replaced or outstanding legal actions against you.

Once your budgets and cash flow forecasts are agreed, they need to be managed and monitored. This is often an area of weakness for organisations and should be considered very carefully in terms of how this is managed, ensuring separation of duties from those people processing payments and invoices to those approving them and monitoring them.

Plan regular reviews of your fixed costs – shop around for utilities, bulk buy consumables, archive data in the cloud, outsource one-off or small regular jobs, offer something in return for getting it cheaper, do a swap, etc.

Finally, there is a lot of help about this important subject. There are some great resources and publications produced by the Charity Finance Group – cfg.org.uk– where membership gives you access to special interests groups and an extensive programme of events and training.

Photographer Benjamin Nwaneampeh/Local Trust

Activities in Harefield Hub, run by SO18 Big Local.

Checklist

This section has given you an overview of what to consider when looking at financing your project. You should share your thinking with others and get them to check your work and challenge your assumptions. And remember, a budget is only an estimate. It is likely that you will need to review it throughout the year in order to stay on track with your forecasts.

	Yes	No	Maybe
Do you have detailed budgets, with clear assumptions about where the income to cover costs is going to come from?			
Have you got realistic cash flow forecasts, covering the period of your business plan?			
Have you included amounts for maintenance (including a sinking fund) and other liabilities?			
Are you producing clear, accurate and timely financial monitoring information?			
Does your board understand the financial information, the assumptions on which they are based and do they take appropriate action as needed?			

If you answered mostly yes:

- It looks like you have a good approach to the finances.
- Have you thought about when you need to review budgets and forecasts and get any significant changes agreed by the board?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- Failing to run a tight financial ship is very risky for your project. Do you have the right people to deal with this level of detail?
- Do you need some help from outside to get this area right?

If you answered mostly no:

- Think very carefully about your plans. Once the finances get out of control if can be very hard to get a grip on things again.
- Do you have the right skills in place to deal with the finances?
- Are you finding it hard to pay bills and salaries? If so, there's a good chance you are starting to get into trouble.
- Are you clear where there are profitability issues or cash flow issues?

4.3 Having effective structures and processes

What structure you have is important for both legal reasons and in terms of having an effective community hub. There is no correct legal structure, it must be appropriate for what you plan to do and how you want to manage things – decide on what you want to do first and then choose the best structure to allow this, see: Legal structures for social enterprises at a glance (goodfinance.org.uk/sites/default/files/LEGAL%20 STRUCTURES%20FOR%20SOCIAL%20 ENTERPRISE%20AND%20CHARITIES%20AT%20 A%20GLANCE%20v2.pdf).

For new organisations, develop a clear and simple constitution that is fit for purpose. There are often model versions online (see: resourcecentre.org.uk/information/constitutions/), but ensure you adapt these appropriately for your purpose and where necessary get legal advice. There is no 'best' legal structure for a new organisation. The final decision should be based on what you want to do and how the organisation will be governed, e.g. by its members, directors, etc. Funders and landlords may have a view too. Inform yourself about the pros and cons of the different legal options in order to have useful discussions with lawyers and the Charity Commission.

The structure of the board is usually informed by the governing document of the organisation. The governing document will also confirm the roles of 'officers', i.e. board members with special responsibilities such as the Chair and Treasurer. The size of the board varies (usually between five and fifteen) but too many people can result in protracted meetings and a lack of strategic focus. Too few and there is potential for it to become a clique. In the early days boards should expect to meet on a regular basis, but once things have settled down monthly to quarterly meetings is normal.

Ensure that your board have the appropriate skills (see: Skills audit in the Resources and links section) and that there is good representation from the community. Do you have a development plan for the board – either individually or as a group? Is there a budget for board development? Sound and realistic financial planning monitoring and reporting is essential (see also Budgets in 4.1 Running a tight financial ship). This is a key responsibility for governance and good financial skills for some board members is essential.

As well as board membership, what other structures are in place for community representation? What structures below the board do you have in place? Sub-committees, working groups, etc. What responsibilities are delegated to these structures and how will they be accountable to the board? Too many can be cumbersome, but some other structures can be a useful way of focusing people's skills on the relevant detail.

If you are contemplating membership structures which democratically elect the board, think about how that could happen in practice. Some community hubs may wish to offer the opportunity to other organisations to make nominations to the board as a way of cementing the relationship between potential partners. Many organisations fail to actively communicate with their members, or even keep a membership register. Don't slip into bad habits as being a membership organisation is one of the most powerful ways to achieve accountability.

Staff

Paid staff are desirable to ensure that there is enough management time to run the community hub well. Volunteers can be a helpful and invaluable resource but running a community hub on 100% volunteer time can lead to difficulties.

Remember, employing staff brings several legal obligations around minimum wage, employment contracts, minimum benefit entitlements, pensions, etc, see: gov.uk/employing-staff. You may need to have access to ad hoc employment advice should you get into difficulties. Some HR advice services are insurance based which has the advantage of covering costs should things proceed to a formal tribunal; however, these products often result in very risk averse advice which can end up being very constrictive in a small organisation.

You will need many more policies if you decide to employ staff.

Marketing of the community hub is usually focussed on the local area. While some resources are needed and all publicly materials, posters and websites should be of good quality, 'low cost and no cost' marketing mechanisms can be used, capitalising on local relationships, networks and communications.

Volunteers

Your organisation may need to recruit and manage volunteers to support your project or to deliver services. They bring additional resource, knowledge and enthusiasm.

It is important to ensure that volunteers are clear about their roles and the support they can expect from your organisation. However, volunteers have a completely different legal status to paid staff and it's important to appreciate the key differences, see: knowhow.ncvo.org.uk/your-team/volunteers/keeping/treating

Those who donate time want to know it is well spent, that work is well organised, and their contribution is valued, so consider how to demonstrate your gratitude, see: knowhow. ncvo.org.uk/your-team/volunteers/keeping/thanking-volunteers

You will need to have systems and procedures in place to ensure your volunteers have a great experience and contribute effectively. The various resources by NCVO previously referred to are detailed, but your local Council for Voluntary Services (CVS) will also be able to guide you.

Photographer: Andrew Aitchison / Local Trust.

Gail, George and Suzaane at a multi age group of adults from the Church Hill community come together every Tuesday to make things at the Krafty Sew & Sew sessions held inside St Andrews church. Church Hill Big Local, Church Hill, Redditch.

Policies and Procedures

Community organisations need to have an agreed and signed off set of policies and a procedure explaining how it will operate as an organisation. These not only set out your statement of intent but support the Board to make informed decisions if there is a matter of dispute about whether these have been adhered to.

New organisations should start with the policies and procedures they need rather than trying to cover all areas. The most common policies and procedures cover:

- Equal opportunities.
- Health and Safety.
- Volunteering.
- Financial management.
- Insurance.
- Data protection.
- Children and vulnerable adults safeguarding.
- Managing conflict of interest (gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29).

Try to avoid copying the policies of other organisations directly; while it is helpful as a starting point to see the policies of others they need to be tailored to the specific workings of your organisation.

You should ensure that your policies and procedures are reviewed at regular intervals; this can be quite a task – so timetable it so this is spread out over time.

Regulatory issues

Some of the activities that you do may be covered by government legislation and come with several legal requirements. You need to take particular care to find out if there are regulatory issues and work out what your obligations will be; ignoring these things may mean you are breaking the law and could get you into serious trouble.
The regulations are there to protect you, your employees and your users. Below are just some examples of the type of regulation that may be in place:

- Staff – if you employ people there will be several regulatory issues you need to follow around holidays, working hours, equal opportunities, pay, discipline and grievance, health and safety, etc.
- Services – certain services you undertake may well have regulatory issues – e.g. childcare has a range of legislative requirements, e.g. OFSTED inspections, social care has CQC inspections, etc.
- Building – you will need public liability insurance as a minimum, but there will also be health and safety issues, etc.
- Advice – if you give financial advice to your users you may have to be covered by specific regulation.
- Children and vulnerable adults – if your community hub is used by children and vulnerable adults you will need robust safeguarding procedures in place.

Checklist

This section has covered the wide-ranging area of structures and processes. It is hard to get these all right from the beginning so try to pick what you think is most important for your objectives and then develop a timetable to work through the others.

	Yes	No	Maybe
Is your governance structure fit for purpose with the right mix of people on your board prepared for the long haul?			
Have you thought about what staff you will require (if any) and what training they will need?			
Do you have a clear plan for how you will recruit, manage and support volunteers to deliver the service?			
Have you got the important policies and procedures in place?			
Are you on top of all the regulatory issues for the type of work you are planning to deliver?			

If you answered mostly yes:

- It looks like you have good systems and structures in place for your community hub.
- Have you thought about how these are reviewed over time, to ensure you stay up to date?

If you answered mostly maybe:

- It sounds like you need to do some more work in certain areas. Identify these and follow the links in the toolkit to get further help.
- Don't think you need complicated structures to make things work – sometimes the simplest solutions are the best.

If you answered mostly no:

- Think very carefully about your objectives. When you are starting out it is easy to assume that you will stay on top of things. But as you develop and grow you need some structure in place to manage everything.
- Have you thought about asking others how they structure things? It may not all be appropriate, but you may get some ideas.
- Do your services fall under government regulation? If they do, you need suitably qualified staff with the right experience to ensure that you don't fall foul of the law.

4.4 Reviewing what you do and understanding the impact you are having in your area

Developing and running a community hub takes a lot of time and energy; you will probably be constantly busy. However, it is important to take time out to explore how well you are doing against your objectives and to look at ways you can improve.. A big part of this is about understanding what you will measure and when. You need to have a good understanding of the relationship between outputs and outcomes. Some things can be measured precisely, other benefits are more anecdotal; having a mixture of these is good to show how successful you are becoming. Sometimes it's helpful to involve the community in measuring your impact and sometimes involving an independent person or agency can also be helpful.

Reporting on your impact is important not only for funders, but also for the local community. Measuring your impact may take many years, so it is important you start gathering the information as soon as you can. This way you won't miss out on identifying the positive effects you are having. Don't be afraid of the bad news when things don't go so well; this will almost certainly happen at times in any community hub. The important thing is to learn from any mistakes to make your community hub even better for the future.

The details

You will need to think about the positive impact that the community hub will have on the local community and how you will be able to demonstrate that. Be clear on what are your outputs, outcomes and impact.

It is important to understand what difference your activities are making to the problem that you are trying to solve. For example, does helping residents to improve their working skills result in positive employment outcomes? Do community events help to reduce social isolation? Does investing in public space help different communities to connect with each other?

Understanding the impact of your organisation has lots of benefits. It can:

- Help you to engage with your community, building relationships and strengthening the accountability of the community hub to its various beneficiaries/customers.
- Help in planning your work. If you have worked out what impact you want to have and what impact you are having, it will be a lot easier to see what is working and where the gaps are, and a lot easier to plan your future actions to achieve clear and relevant outcomes.
- Help in evaluating your work – when you know what impact you would like to have and what changes you'd like to help bring about, you can make much better judgements about whether you are doing a good job or not and identify how the different aspects of your service contribute to positive changes.
- Help in promoting your organisation – when you know what sort of impact you have you can talk confidently about the difference you make, and you can really celebrate your achievements.
- Build a shared understanding of what you are doing. By working on the impact assessment with your colleagues and trustees they will see that tasks are worthwhile and gain credit for what they do.
- Help to make the best use of resources including money, skills and time by feeding learning back into the organisation and changing behaviours and processes.
- Build credibility with your funders. Funders are asking more searching questions about the difference that community organisations are making in their neighbourhood, whether they are doing what they claim to be doing, and what the overall benefit is to service users.

Learn to measure

Many organisations struggle with defining their impact, but there are lots of useful references and support to get you going. One way of showing your impact is through a clear analysis of what is wrong at present and how this can be changed. This is often described in a logic model (mycommunity.org.uk/resources/logic-models-and-templates/). Logic models can be used as part of the business planning process, acting as a systematic and visual way of demonstrating the thinking that underpins a programme or policy.

Another way to think about impact is that it's a circular process. For example, in their 'Inspiring Impact' programme, New Philanthropy Capital describe it like this: "The cycle of good impact practice follows four stages: planning for impact, doing measurement, assessing your data, and reviewing your work based on what you've learned". This plan, do, assess and review concept is a good way to think about impact if you've never done it before and aren't sure how to describe it to others. Use the online resources from Inspiring Impact (inspiringimpact.org/learn-to-measure/) to help you at each stage of the impact journey.

A final viewpoint on impact comes from Good Finance, who describe (social) impact as: "...the effect on people and communities that happens as a result of an action or inaction, an activity, project, programme or policy." The effects – or outcomes – that they refer to are the different types of impact you can measure for yourself. They recommend using the Outcomes Matrix (goodfinance.org.uk/sites/default/files/Outcomes%20Matrix%20Full%20Guidance_01_0. pdf), developed by Big Society Capital, as a tool to do this. The matrix, which is free to use, allows you to pick your own outcomes and measures from nine 'Outcome Areas' to create your own unique Outcomes Matrix. The nine areas include many that a typical community hub would be interested in, such as Employment, Training and Education; Physical health and Citizenship and Community.

The reason there are so many perspectives about impact is that there is no one option that is suitable for everyone. By all means, investigate all the different tools but don't let the fact that there are a lot of methods stop you from getting started. Be realistic about your capacity and time and keep it simple to start with.

Communicating your impact

Understanding your impact needs to be built into the organisation in an ongoing and systemic way. It's not a one-off activity to fulfil your annual report. Make the most of all your hard work by communicating your impact in a range of ways to stakeholders. A report supported by images and short video clips of people using the community hub is a great way to show the difference that it makes to the community. Don't underestimate the power of a good short story and the reach it can have. Anyone with a smart phone should be able to do this. Produce a press release that is circulated to media channels and use social media to showcase impact achievements.

For a fuller discussion about making annual reports easier to understand, see this article (www.civilsociety.co.uk/news/cass-fellow-publishes-template-for-annual-accounts-designed-for-public-benefit.html) from Civil Society news where the author suggests that annual reports should focus on four key areas: purpose and impact, values and ways of working, operating model and risks, and governance and decision making. At the end of the article there is also an example report.

Checklist

Giving thought to how you will review your work and measure your impact over time can be hard to do. However, even if you start with just a few ideas of the key outcomes you can measure you will have made a start and begun the process that will see your organisation deliver the best possible services for your local community.

	Yes	No	Maybe
Have you identified the key outcomes you want to measure and what is required by funders?			
Do these outcomes relate directly to your aims and objectives?			
Is there a clear baseline of data against which to measure progress?			
How will you gather the data and ensure it is independent?			
How will you use the data to improve and change the services you deliver?			

If you answered mostly yes:

- It looks like you have a good approach to reviewing what you are doing?
- Have you thought about how you sustain this over time to be able to identify longer term trends?

If you answered mostly maybe:

- It sounds like you need to do some more work in some areas. Identify these and follow the links in the toolkit to get further help.
- If you're struggling with this – keep things simple. Can you identify one or two simple and important things that starts to measure the difference you are making and to whom?

If you answered mostly no:

- Think very carefully about your plans. At some point people will ask how you how you know what you are doing is making a difference. Be prepared.
- Keep things simple and ensure they link to your aims.
- Are you able to build some simple feedback mechanisms into the actual services you are delivering?

Case study illustrations

See the following case studies in the research (https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success):

- 8.1 The Colebridge Trust: An example of the importance of robust financial management (page 51).
- 8.2 Moor End Development Trust: An example of the importance of volunteers (page 53).
- 8.4 Ripon Community House: An example of the use of volunteers to manage the hub (page 56) and the challenge of managing a listed building (page 57).
- 8.5 Meadow Well Connected: An example of the challenge of transitioning from being community volunteers to operating as paid members of staff and reducing the overhead costs of the hub (page 58).
- 8.6 Brockweir and Hewelsfield Village Shop Association: An example of setting pricing strategies and communicating the benefits of buying local to customers (page 60).

Photographer: Marcus Way

With support from the Creative Civic Change, residents from Fantastic Filwood, near Bristol, are transforming the Filwood Centre. They have so far made a smaller room into a venue space to host local music nights.

Resources and links

Balanced Scorecard guidance and template

What is a balanced scorecard?

It's a simple business planning tool that sets out on one page where an organisation is NOW, where it wants to be SOON (i.e. in 1-2 years' time) and LATER (i.e. in 3-5 years). Young organisations, organisations in crisis or those operating in rapidly changing environments are likely to need shorter timescales.

What is it for?

The balanced scorecard is a holistic tool, meaning that it normally works best for entire organisations. It can be useful in the following ways:

- To help an organisation clarify its current situation and its future.
- To help identify areas where support/further investigation is needed.
- To provide an overview of the organisation to inform investment decisions.
- To help evaluate progress made by the organisation.

How do we fill it in?

You may be happy to complete it on your own, but we recommend doing it as a group as the process of discussing and agreeing the information is valuable. You will also need wide support throughout the organisation for any emerging strategy to be meaningful and useful.

Consider the NOW boxes first. Information in these boxes should be based on fact. If estimates are out of date the date should be given. If only partial data is available, the best estimate should be given but shown in italics. If no information is available enter "Not known".

Begin with the Business Model quadrant first. This should ensure that discussions revolve around the organisation's mission and activity rather than operational matters.

Then move onto the SOON and LATER sections. These are your best estimates. It is best to be cautious – don't be over-optimistic.

When completing the scorecard never put any information into, or change/remove information from one box, without considering the implications for the other three boxes!

The simplest questions can generate disagreement amongst participants. Be prepared to handle such situations and allow all views to be heard. It is important that everyone is happy with the final version.

Your goal is to have a document that is as honest and realistic as possible – not something that glosses over any difficulties.

Keep it to one sheet of A4 and resist the temptation to cram in too much text. Keep to the main headlines.

What type of information should be entered each quadrant?

Business model:

List the primary business activities, i.e. the services and products that attract earned income, contracts, grant income, showing amounts for each. Ask participants to cluster their activity into groups, e.g. "basic skills training"; "support to smaller groups" and identify who they are "selling" these services to, e.g. the local authority, trust funds, etc. Draw out the issues relating to both your "products/services" and "markets" respectively.

Ask yourself:

- Which markets for your business activities are likely to grow or shrink?
- What new products or services could be planned?

- Are the financial and social returns of your business activities clear?
- Who are the customers/clients/other stakeholders?
- What are the development costs and timeframe for these?
- What are the essential ingredients for this to be successful?
- What makes it different/special, i.e. the “unique selling points”?
- What is the competition?
- What are the known external factors most relevant to the organisation, e.g. legal changes, political climate, funding reduction?
- Is the business model replicable or has it been successfully done elsewhere?

Social return:

What is the benefit that results/will result from the activities of the organisation? This is often where participants struggle the most. Encourage participants to think about outcomes and impact as well outputs (see the main toolkit for an explanation of highlighted terms).

If the organisation is new/inexperienced in this area the main commitment in this quadrant will be to develop a social impact approach.

Financial return:

This should be mostly quantified data. Encourage participants to predict changes in these figures, even if they are rough estimates.

- Turnover.
- Percentage of earned or contract income (compared to grant income).
- Annual surplus/deficit.
- Reserves.
- Value of assets.
- Diversification of income streams.
- Financial return on assets.

Organisational development:

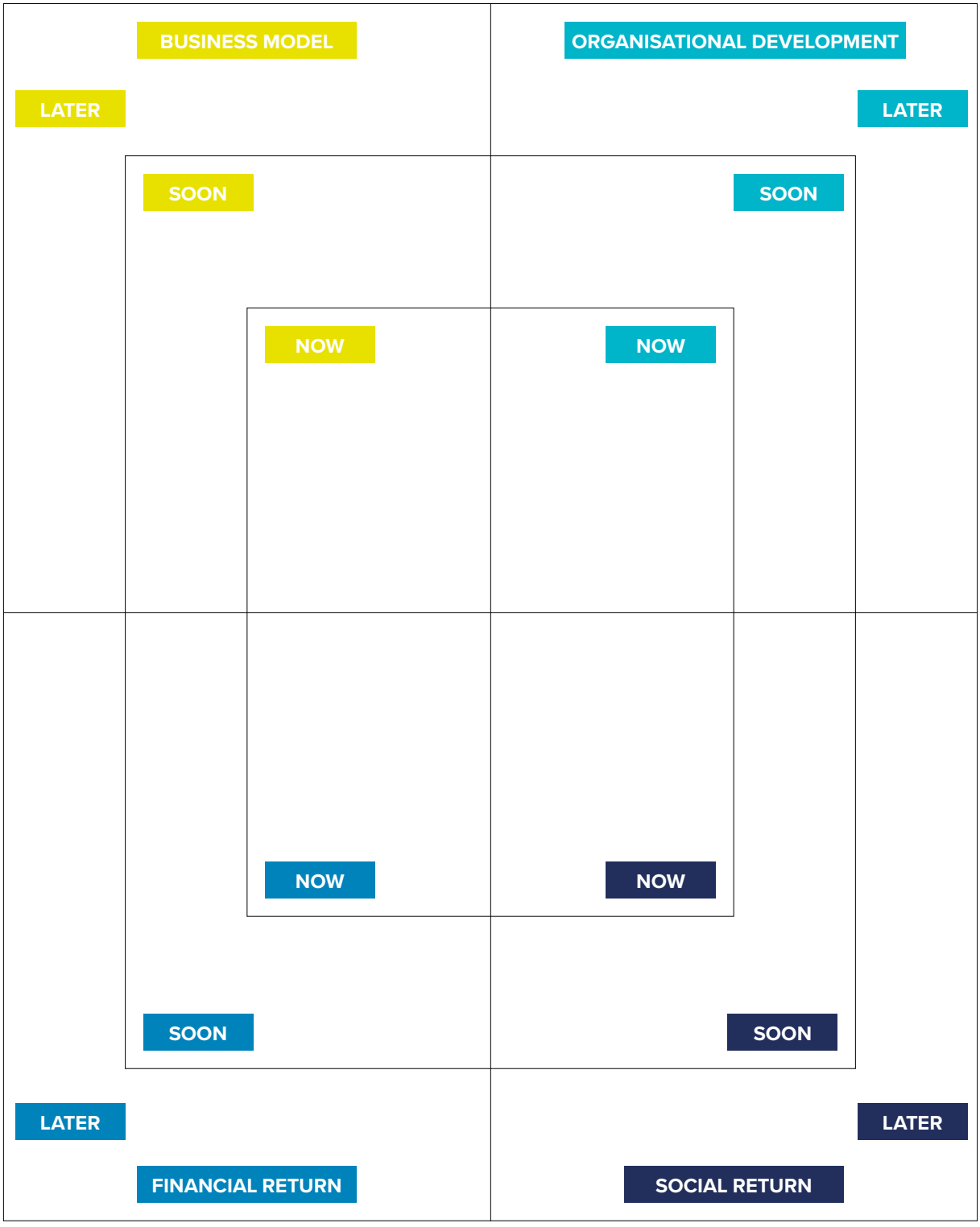
- Description of the organisation in terms of legal form/key characteristics.
- Number of Directors/Trustees.
- Number of staff/volunteers.
- Number of members, if relevant.
- Skills/experience of Board/staff.
- Buildings/land (ownership or management?)
- Organisational quality tool/accreditation achieved/proposed.
- Key partnerships.
- Number of successful trading subsidiaries.

What do we do with the results?

Once completed, ask yourself:

- Is the long-term vision clear?
- Are the timeframe and the incremental steps to grow the organisation realistic and achievable?
- Is the ambition to grow the organisation matched by the organisational capacity to do so?
- Do the results demonstrate capacity, credibility and give confidence that the business model can be delivered?
- Is the market well understood?
- Are the financial and social returns proportionate to the investment required?
- Are the sources and costs of development finance identified?
- Do the people leading the organisation demonstrate the credibility to deliver?

Consider how you will address any areas of concern as an organisation. If information is missing or incomplete – or crucially if your projections are not considered realistic – these are the priority areas.



Capital project – cashflow template

Capital Project (i.e. acquiring a building, refurbishment, new build, fit out) – cash flow

1. Introduction

This guidance is designed to be used in conjunction with the main toolkit; within the toolkit you will find clear explanations of some of the terms used here and how and when you might use this financial tool.

This is an annual cash flow over 1 year – your project may be much shorter or longer. Capital projects can see large amount of flow in an out of your bank account and this needs to be managed carefully. The template table on the last page shows the type of layout that most people find useful; you can adjust the columns to suit.

We have tried to provide a comprehensive set of headings; it is unlikely that these are all appropriate for your own project and you should just include the relevant ones.

2. Guidance notes

As this is a cash flow, you include the income and expenditure in the month in which it is received or paid out.

ITEM	GUIDANCE
Opening balance	At the start this is whatever you currently have in your bank and from then it is the number in the previous columns carried forward
INCOME	List your income in as much detail as possible. Depending on whether you are doing this for feasibility or project management you need to be clear on whether income is confirmed, expected, or speculative. If you are doing this on a spreadsheet, you may want a separate tab to feed into each income line below to show your detailed workings
Grants	List your grant funders and be clear on whether there are restrictions on the grant (e.g. what it can be spent on, when it must be spent by, etc).
Donations	You may receive donations directly to your project. Some donations might be for specific items – e.g. a local business might give you some money to buy furniture. However, a business might give you some actual furniture, in which case you should not enter the amount of money here as this is a cash flow. If the value of the furniture is significant it would appear on your balance sheet (as this would add value to your organisation as an asset). This principle applies to any donated goods or pro-bono work.
Fundraising	This can be your local fundraising from your own events, etc. Be realistic on what to expect.
Community shares	This is where local people provide capital in exchange for a share – there is more information about community shares this in the main toolkit.
Loans	Be clear on the total amount, the requirements of the loan and the interest rates (interest costs will be included in the expenditure columns).
Proceeds from sale of an asset	In some cases, you may be selling off parts of an asset or some land to help your project. You should include the sale receipt here.

ITEM	GUIDANCE
Other	It is useful to have a line for miscellaneous items – remember to keep a list of these items separately.
Total income	Total your income here.
EXPENDITURE	List your expenditure in as much detail as possible. Depending on whether you are doing this for feasibility or project management you need to be clear on how far expenditure figures are quotes or estimates. If you are doing this on a spreadsheet, you may want a separate tab to feed into each expenditure line below to show your detailed workings.
Acquisition cost	This depends on your project; you may be buying a site or a building.
Architect	You may be employing an architect to carry out design work. Ensure you have their full costs for the work and include these.
Quantity surveyor	A big building project will need a quantity surveyor, but other surveyors may also be required – your architect will be able to advise you.
Legal	There may be significant legal costs in acquisition, loan agreements, lease negotiations, inspections and other regulatory items, for example.
Bank	Your bank may make charges for drawing up loan agreements, etc.
Building contractor	This is the costs of actual building work. There may be several contractors for different aspects of the work. At feasibility stage estimates are fine, however, at project implementation you must have clear quotes and be clear on what basis these are drawn up.
Project manager	In a large project, a properly qualified project manager is important to hold builders to account and keep all the various professionals coordinated.
Certification and compliance	These could be a range of costs from health and safety, building control, planning, etc. Ensure the full range of costs are included.
Furniture	You may be providing new furniture. These costs can mount up very quickly so ensure you have included everything.
ICT infrastructure	This is the cabling infrastructure for computers and phones.
ICT equipment	This is actual equipment you will need. Remember to include switch gear for networking, racks, etc., as well as the actual computers and phones.
Branding	This will include specific signage.
Repayments on loan	You can get a loan schedule from your lender that will show you what to include here. Remember – in a cash flow you are including both the capital repayments and the interest.
Staff costs	You may have your own staff costs to consider, including employers' National Insurance, pension, recruitment and training.

ITEM	GUIDANCE
Irrecoverable VAT	If your building is registered for VAT you will be able to claim back the VAT on most of the building costs; however, if not registered you will have to pay VAT on all your costs. If the latter is the case, you may simply wish to ensure that all your expenditure includes VAT, BUT make sure that any quotes provided include VAT.
Contingency	There will always be unexpected items in any building project. Make sure you include an appropriate level of contingency; your professional advisors will be able to help identify a suitable level for your project.
Total expenditure	Add up all your expenditure items here.
Surplus/Deficit in year	Take your total income figure and minus the expenditure. This will show if you have made a surplus or a deficit in the year. If you dip into deficit during the period – how is this to be funded? If the time you expect to be in deficit is relatively short-term, you may find it cheaper to get an overdraft rather than a loan.
Closing balance	Take your opening balance figure and then add or minus (depending on whether it's a surplus or deficit) the line above (Surplus/Deficit line). The result in this cell also goes into the opening balance figure cell in the next year.

3 Capital Project cash flow template

	Month 1	Month 2	Month 3	Month 4	Month 5
Opening balance					
INCOME					
Grants					
Fundraising					
Donations					
Community shares					
Loans					
Proceeds from sale of asset					
Other					
Total income					
EXPENDITURE					
Acquisition cost					
Architect					
Quantity surveyor					
Legal					
Bank					
Building contractor					
Project manager					
Certification and compliance					
Furniture					
ICT infrastructure					
ICT equipment					
Branding					
Repayments on loan					
Staff costs					
Irrecoverable VAT					
Contingency					
Total expenditure					
Surplus/Deficit in month					
Closing balance					

For the 1st month – this is your starting bank balance

For the other months – this is your balance at the end of the previous column – what is entered in closing balance

Add up everything in the income rows

Add up everything in the expenditure rows

Subtract the expenditure from the income

Take the opening balance in this column – and add the month's surplus or subtract the months deficit

	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12

Revenue project – cashflow template

1. Introduction

This guidance is designed to be used in conjunction with the main toolkit; within the toolkit you will find clear explanations of some of the terms used here and how and when you might use this financial tool.

This is an annual cash flow over 3 years – we have condensed years 2 & 3 but you should extend these on a spreadsheet as necessary. You should aim to make surpluses if possible. Very large surpluses may be questioned by funders or those in your community using the services you provide, but it is good practice for a community hub to make a reasonable surplus to build up reserves over time that can be used in time of emergency. This should be in line with your reserves policy.

We have tried to provide a comprehensive set of headings; it is unlikely that these are all appropriate for your own project and you should just include the relevant ones.

2. Guidance notes

As this is a cash flow, you include the income and expenditure in the month in which it is received or paid out.

ITEM	GUIDANCE
Opening balance	At the start this is whatever you currently have in your bank and from then it is the number in the previous column's carried forward
INCOME	List your income in as much detail as possible. Depending on whether you are doing this to test the feasibility of a project or for project management you need to be clear on how far income is confirmed, expected, or speculative. NB: as this is cash flow, all figures should include VAT. If you are doing this on a spreadsheet, you may want a different tab for each income line below to show your detailed workings and assumptions.
Rents	For many community hubs this is a key area of income. This should include a total rental figure but on a separate sheet list each area to be rented and how much income you are likely to receive. Remember to allow for "voids" (periods when the space is not rented while you are looking for tenants, etc). Be realistic in terms of both rental rates and voids.
Service charge	This will vary depending on your rental terms, but might include a share of the utility's bills, a charge for reception services, tea/coffee, a share of insurance, etc. Some hubs make a service charge and others make their rents inclusive of this. In general terms, larger areas rented out use the service charge method and smaller areas tend to be inclusive of these amounts. It's your choice but just to ensure you are realistic in your assumptions of what is chargeable and what people will pay for and see as reasonable.
Room hire	As well as longer term rents, many community hubs rent out rooms on a sessional or hourly basis. Be realistic in your assumptions about room rates and voids.
Takings (e.g. café)	Some hubs may take small amounts of money for tea, coffee, vending machines, etc. In most cases these are not great "money spinners" but can help make your space more attractive to users.

ITEM	GUIDANCE
Membership fees	Some hubs charge a small membership for certain types of use, e.g. fitness classes.
Contracts for services, 1, 2, etc	For many hubs this can be a significant area of income. It is where you are asked to deliver certain services on behalf of a commissioner – usually from the public sector or subcontracted from a larger provider. For example, you may be paid by your local authority to provide a youth club facility. You should include each service on a separate line and again be realistic. Some services have a 'payment by results' element to them (e.g. £x for each person you get into a job) and you should show your assumptions when calculating this element for your forecast.
Small donations	Community hubs may receive small financial donations from businesses, local groups, etc. Include these here.
Grants 1, 2, etc.	As opposed to contracts for services, a grant may be issued to a community hub for delivering certain services. Grants can come from public authorities, but can also come from grant making trusts. Grants will not normally have a performance element to them.
Other fundraising	You may undertake other fundraising events, e.g. a jumble sale, a summer BBQ, etc. Enter the amounts you expect to raise here. Remember to include the costs associated with putting on these events below.
Bank interest	You may earn some interest from your bank deposits. While interest rates remain low this may not be significant but including it here will encourage good practice in making the most of any surplus cash.
Total income	Total your income here.
EXPENDITURE	List your expenditure in as much detail as possible. Depending on whether you are doing this for feasibility or project management you need to be clear on how far your expenditure figures are quotes or estimates NB: All figures should include VAT. If you are doing this on a spreadsheet, you may want a separate tab for each expenditure line below to show your detailed workings.
Rent	You may not be paying rent on the building, but if you are enter your amount here. Exclude any service charges as this is included below.
Agent's fees	If you have an agent renting space for you, you need to include their fees. This can be an unexpected proportion of the rent and a significant cost.
Service charge	You may be liable for a service charge, even if you don't pay rent – e.g. for the upkeep of common parts or areas. You can get service charge estimates from the freeholder or their agent.
Loan repayments (in full)	If you have taken out a loan for purchase and/or refurbishment (or even working capital) then you should enter your FULL repayments here. As this is a cash flow, you need both the capital and interest elements.

ITEM	GUIDANCE
Insurance	There may be different types of insurance, so you may want to separate them out. There is likely to be: – Buildings – Contents – Public Liability – Employer's Liability Others could include more specific insurance depending on your activity, e.g. Professional Indemnity, Cyber Security, Trustees Liability.
Ground rent	Even if you own the building you may need to pay ground rent if you do not own the building freehold.
Business rates	Your building is likely to attract business rates. If you are a charity you should receive 80% mandatory relief and you may be able to apply for discretionary relief for the remainder. If you are not a charity, different local authorities have different rules on discretionary relief. This could be a significant cost.
Maintenance	You should allow for day to day maintenance (e.g. a broken door, air conditioning maintenance) in this line. If it is an existing building, you may get a sense of what to allow from previous years. If it is a new building, don't assume there will be no maintenance; check with your surveyor what to allow. (See below – Sinking Fund).
Sinking fund	This is for cyclical replacement of major items. For example, a lift may have a lifetime of 20 years and each year you should 'put aside' some money towards replacement of the lift, and other major items. A surveyor can develop a cyclical maintenance and replacement plan for you. You may want to consider setting up a designated reserve in your accounts for this purpose. You should also consider how far you will require tenants to contribute towards this fund through any service charge. A surveyor can advise on this aspect.
Utilities	Include the full range of utilities needed for heat, light and water and what sort of payment plan suits you – e.g. spreading the payments across the year.
Marketing and advertising	You will need to promote your space whether to users or renters; ensure you budget for this.
Telephone	Include maintenance of telephone systems as well as line and call charges.
Internet	Do not assume that home internet costs will be comparable; good reliable business focused internet charge can be high. Get plenty of quotes.
ICT servicing costs	You may need to contract with an IT company to provide support for managing your IT system. You should also allow for some renewal of equipment.
Equipment leasing	You may it better to lease key items of equipment; e.g. computers, photocopiers, etc. This can be a cost-effective way of gaining these items. However, check the wording carefully on any lease documents as they can be notoriously punitive. You could include any Hire Purchase arrangements here as well.

ITEM	GUIDANCE
Cleaning	You may employ your own cleaners (in which case the salary will appear in salaries, below) or you may contract with a company. You will also need to allow for cleaning materials.
Refuse collection	Think about your options here. Many private companies offer services as well as the council. Think about recycling services, disposal of bulky items, etc.
Fire equipment and safety	You will need to have your fire equipment and safety system regularly maintained
Security	If you have a security system this will need to be maintained. Also allow for call-out charges for 'false alarms'. You may want to contract for a key-holding service which will come and sort things out in the middle of the night if the alarm is activated.
Other health and safety	You have a legal obligation to maintain a healthy and safe environment. You should allow for inspections and a budget for putting things right. Many health and safety items cannot wait and must be dealt with immediately.
Pest control	This can include dealing with rodent infestation to a legionella inspection.
Admin supplies	You will need a budget for day to day admin and stationery supplies. Keep a control on this as it can often get out of hand quickly.
Subscriptions	Remember your organisational memberships of sector bodies, trade press for particular areas, etc. It will help you keep up to speed on developments.
Transport	You may hire a mini-bus to transport users or use a local community transport scheme to get people from A-B; include the costs for this.
Salaries	This should include your staff costs. Remember to include allowance for pay rises and any contractual entitlements.
On costs	This includes your employers' taxes, pension costs, etc. This should only be the employer element, not the employee's elements that you deduct on their behalf.
Recruitment	Allow for the recruitment you know will have to take place, as well as an amount for unexpected leavers.
Training	Staff and trustee training is important – try to allow something here – e.g. online training courses.
Volunteer expenses	Volunteers are not free! There is usually some expense involved, particularly if you have a good and comprehensive volunteer policy, e.g. training, travel, subsistence.
Accountancy / audit	It is essential that you understand the flow of cash through the business. You may employ someone or a company to undertake your accountancy. If so, allow enough money for them to do a good job. Depending on your size you may also need to appoint auditors. Auditors will give you a quote for this work, but this usually assumes a decent level of accountancy has already been done. If your accounts are not in good order, your audit is likely to cost a lot more.

ITEM	GUIDANCE
Legal and other professional fees	You may not need much in the way of professional advice, but it largely depends on your stage of development and the work you do. At the early stages of setting up your hub, ensure you have enough money to get the best advice you can to set you up well. Relying on 'pro-bono' or free advice can mean you are often at the bottom of the "to do" list, or that you are allocated junior staff. .
Contingency	No forecast is perfect; some things will come up that you had not thought about. It is therefore important to set aside a decent level of contingency for these items. For multi-million-pound turnovers, 0.5-1% might be reasonable. For smaller turnovers there is usually a higher percentage, e.g. a turnover of £500K might have a contingency budget of 2%.
VAT and Irrecoverable VAT	If your organisation is registered for VAT, you will be able to claim back the VAT on your costs, but you will have to charge VAT on your income. In cash flow terms, you will need to pay the VAT you have collected to HMRC each quarter and ensure you have enough cash to make this payment at the right time. If you are registered for partial VAT recovery you will not be able to claim back all the VAT on your costs and should account for this in your forecasts.
Total expenditure	Add up all your expenditure items here.
Surplus/Deficit in year	Take your total income figure and minus the expenditure. This will show if you have made a surplus or a deficit in the month/year.
Closing balance	Take your opening balance figure and then add or minus (depending on whether it's a surplus or deficit) the line above (Surplus/Deficit line). The result in this cell also goes into the opening balance figure cell in the next month/year.

3. Notes on cash flow vs profit and loss

All the above is based on showing cash flow – i.e. how money flows in and out of your bank account. For most community hubs this is the most straightforward method and unless you are very cash rich is necessary to ensure you can bank roll the project effectively.

However, you may also need to show a profit and loss view of your budget and management account. This helps you assess the overall sustainability of the project. The key differences include:

– Accruals and prepayments

A cash flow shows the month/period in which money is received or paid out. For a profit and loss account you are more likely to show the receipt and payment of money in the month/period to which it relates in terms of activity.

For example, a funder may pay you quarterly in arrears for a service – in cash flow terms you show the date in which the full 3 months of service is received. For a profit and loss, you should the amount earned by you in each month – even before you've received it. This is called an accrual. The same happens with payments you make. A good example is insurance. You may make an annual premium payment. In a cash flow you show the full amount paid out in the month/period it is paid. In a profit and loss, you would show the full amount divided by twelve (if you are reporting monthly).

– Depreciation

This is often an area of confusion. Depreciation is an accounting method of allocating the cost of an asset over its useful life or life expectancy. Depreciation represents how much of an asset's value has been 'used up'. In most cases, purchases over £1,000 would be considered an asset.

For example, if you buy a computer for £1,200 it may have an expected useful life of 4 years. In a cash flow you show the full purchase price. In a profit and loss, you show £300 (i.e. £1,200 / 4). This method spreads the cost out over the life of the asset and can be helpful in showing sustainability over time but the cashflow is important in terms of showing how you bank roll this.

In terms of buildings the useful life of improvements may be 15 years. So, you can spread the cost of the improvements over 15 years in your profit and loss, but obviously you must pay for the improvements at the time you make them.

– Loans

Loan repayments are made up of two elements – capital repayment and interest. Each payment you make has an element of both. In a traditional repayment schedule, you pay a small amount of capital and a large amount of interest in the early stages and as the loan progresses through the term you pay larger proportions of capital and lower proportions of interest.

For cash flow purposes you are interested in the total repayment as this is what must leave you bank account. For profit and loss, you must show the interest (as this is the cost of the borrowing) and the capital side is shown through the depreciation calculation (see above). Note that the depreciation amount and the actual capital repayments may not be the same as the useful life of the asset may be more than the loan term.

– VAT

This is a complex area for many organisations. If you are not registered for VAT, it is not a problem. If you are registered, then a cash flow forecast needs to show the VAT you will pay out (and collect) at the time this happens and then forecast the net payment or receipt when you do your VAT returns. If you are undertaking a VAT relevant building project, then this can be a significant factor in your cash calculations. For profit and loss VAT is less relevant and only needs to show the net effect of your VAT calculations.

It is a complex area and a useful measure is always to ask yourself – "what are the VAT implications of this?". If you don't know then work with a suitable advisor who can help in what is a complex area of accounting. There is more information on this in the main guidance document.

4. Revenue Project cash flow template

	Month 1	Month 2	Month 3	Month 4	Month 5
Opening balance					
INCOME					
Rents					
Service charge					
Room hire					
Takings (e.g. café)					
Membership fees					
Contract for services 1					
Contract for services 2					
Small donations					
Grant 1					
Grant 2					
Other fundraising					
Bank interest					
Total income					
EXPENDITURE					
Rent					
Agent's fees					
Service charge					
Loan repayments (in full)					
Insurance					
Ground rent					
Business rates					
Maintenance					
Sinking fund					
Utilities					
Marketing and advertising					
Telephone					
Internet					
ICT servicing costs					
Equipment leasing					
Cleaning					

For the 1st month – this is your starting bank balance

For the other months, your opening balance is taken from the previous month's closing balance amount.

Add up everything in the income rows

	Year 1							Year 2	Year 3
	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		

	Month 1	**Month 2**	**Month 3**	**Month 4**	**Month 5**
Refuse collection					
Fire equipment & safety					
Security					
Other health and safety					
Pest control					
Admin supplies					
Subscriptions					
Transport					
Salaries					
On costs					
Recruitment					
Training					
Volunteer expenses					
Accountancy / audit					
Legal & other professional fees					
Contingency					
Irrecoverable VAT					
Total expenditure					
Surplus/Deficit in month					
Closing balance					

Add up everything in the expenditure rows

Subtract the expenditure from the income

Take the opening balance in this column – and add the month's surplus or subtract the months deficit

Year 1							Year 2	Year 3
Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		

Examples of some community hub build costs and annual running costs

This guidance is designed to be used in conjunction with the main toolkit; within the toolkit you will find clear explanations of some of the terms used here and how and when you might use this financial tool.

Providing example costings for buildings and running costs is not straightforward. There are very wide differences relating to:

- Land values/geographic location.
- Build quality.
- Size and scale.
- Listed building status.
- Whether new build, refurbishment, etc.
- Whether architect led or design and build.
- Any specialist features.
- Extent of use of volunteers, in-kind and pro-bono support.
- Method of acquisition, e.g. Community Asset Transfer, full market value, etc.

However, we also recognise there is value in understanding what other recent projects have cost. Presented below are some examples of particular projects based on the information we were able to collect. You should not use this to arrive at an estimate for your own project; it is presented for information only. Please do not try to identify one of the examples as being the most similar to your own project as there will be differences based on the list above. Where we have provided percentages, or price per square meter data, you will see there are very few patterns to be seen; this points to the unreliability of this information in being used as a direct comparison with your own project.

New build example costs (excluding VAT)

	Example 1	Example 2	Example 3
Type of project	**Proposed rebuild (2015)**	**"Completed New Build (2015-16)"**	**Proposed new build (2015)**
Capital build costs			
Size in Sq Meters	225	354	2,251
Professional fees	£182,000	£88,000	£658,000
Construction costs	£874,000	£780,000	£4,700,000
Total	**£1,056,000**	**£868,000**	**£5,358,000**
Price per SqM	£4,693	£2,452	£2,380
% Professional fees	17%	10%	12%
Annual running costs			
Staffing	£-	£-	£100,000
Governance	£1,000		
Utilities	£3,500	£1,000	£32,000
ICT	£500		£5,000
Insurance	£2,000	£2,000	£8,000
Cleaning	£3,000	£2,000	£14,000
Maintenance	£2,500	£1,000	£14,000
Total	£12,500	£6,000	£173,000
Price per SqM	**£56**	**£17**	**£77**

Refurbishment example costs (excluding VAT)

	Example 4	Example 5	Example 6
Type of project	**Proposed conversion (2017)**	**Proposed Refurb of listed building (2018)**	**Refurb Existing facility (2018)**
Capital build costs			
Size in Sq Meters	231	452	1,488
Professional fees	£5,600	£110,500	£390,000
Construction costs	£22,500	£740,000	£3,000,000
Total	**£28,100**	**£850,500**	**£3,390,000**
Price per SqM	£122	£1,882	£2,278
% Professional fees	20%	13%	12%
Annual running costs			
Staffing	£14,000	£19,000	£73,000
Governance			
Utilities	£3,500	£10,000	£22,000
ICT	£500	£1,500	£1,200
Insurance	£500	£400	£4,000
Cleaning	£250	£2,000	£600
Maintenance	£1,000	£1,300	£20,000
Total	£19,750	£34,200	£120,800
Price per SqM	**£85**	**£76**	**£81**

External links

The following list of links is provided for further information. Where external products are included the authors do not endorse any provider.

Community assets and enterprise:

- A common interest: The role of asset transfer in developing the community business market: powertochange.org.uk/wp-content/uploads/2017/05/2016-A-common-interest-The-role-of-asset-transfer-in-developing-the-community-business-market.pdf
- Building Cost Information Service: rics.org/uk/products/data-products/bcis-construction/bcis-price-books/
- Our assets, our future: the economics, outcomes and sustainability of assets in community ownership: powertochange.org.uk/research/assets-future-economics-outcomes-sustainability-assets-community-ownership
- Pillars of the Community: historicengland.org.uk/images-books/publications/pillars-of-the-community/
- Protecting community assets inquiry, Practical Governance: protecting-community-assets. org.uk/
- Successfully Managing Capital Projects, Association of Independent Museums: aim-museums.co.uk/wp-content/uploads/2024/11/Successfully-Managing-Capital-Projects-WEB33849.pdf
- The Community Business Success guide to cafés: powertochange.org.uk/research/community-business-success-guide-cafes/
- The Community Business Success guide to lettings: powertochange.org.uk/research/community-business-success-guide-lettings/
- The Community Business Success guide to retail: powertochange.org.uk/wp-content/uploads/2019/05/Success-guide-FA-edited.pdf

– The Community Business Success guide to room hire: powertochange.org.uk/research/community-business-success-guide-room-hire/

– Understanding Community Asset Transfer, A guide for community organisations: locality.org.uk/assets/images/Understanding-Community-Assets-Transfer-Guide-for-Community-Organisations.pdf

Community engagement:

– Community Organising – Principles of Practice: corganisers.org.uk/training/learning-resources/principles-of-practice/

– Liberating Structures Menu: liberatingstructures.com/ls-menu/

– Public participation tools: hisengage.scot/engaging-communities/participation-toolkit/

Equality and diversity:

– An introduction to The Equality Act by ACAS: acas.org.uk/index.aspx?articleid=3017

– Equality law: Core guidance: Voluntary charity and community organisations: equalityhumanrights.com/guidance/business/guidance-businesses/equality-law-voluntary-and-community/core-guidance-voluntary

Financial management:

– Charity Finance Group: cfg.org.uk

– HM Revenue and Customs provide E-learning packages on tax and VAT: Starting your own business hmrc.gov.uk/courses/SYOB3/syob_3/html/syob_3_menu.html

– VAT, tax and trading: gov.uk/guidance/charities-and-trading

Funding sources:

- Community Shares: communityshares.org.uk
- Charity Bank: charitybank.org
- Esmée Fairbairn Foundation, independent grant-making foundation: esmeefairbairn.org.uk
- Good Finance: goodfinance.org.uk/understanding-social-investment/types-social-investment
- Key Fund: thekeyfund.co.uk
- My Community funding options: mycommunity.org.uk/funding-options/
- The Architectural Heritage Fund, Transforming Places Through Heritage Programme: ahfund.org. uk/england
- The National Lottery Community Fund, Lessons and opportunities for place-based working and funding: tnlcommunityfund.org.uk/media/documents/BLF_KL18-11-Place-Based-Funding.pdf
- Power to Change Trust: powertochange.org.uk
- Responsible Finance, access to fair finance across the UK: responsiblefinance.org.uk
- Social Investment Business: grants, loans and blended finance: sibgroup.org.uk
- The Tudor Trust, independent grant-making trust: tudortrust.org.uk
- UK Community Foundations: ukcommunityfoundations.org/our-network

Impact:

- Big Society Capital – Outcomes Matrix: goodfinance.org.uk/sites/default/files/Outcomes%20 Matrix%20Full%20Guidance_01_0.pdf
- New Philanthropy Capital – Inspiring Impact: inspiringimpact.org/learn-to-measure/
- New Economics Foundation – Prove and Improve: www.nefconsulting.com/what-we-do/evaluation-impact-assessment/prove-it/

Legal and governance:

- Community accountability in community businesses: powertochange.org.uk/research/community-accountability-in-community-businesses/
- Community Amateur Sports Club (CASCs): gov.uk/register-a-community-amateur-sports-club
- Community Interest Companies: gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies
- Companies House: gov.uk/government/organisations/companies-house
- Conflicts of interest: a guide for charity trustees (CC29): gov.uk/government/publications/conflicts-of-interest-a-guide-for-charity-trustees-cc29
- Constitutions: resourcecentre.org.uk/information/constitutions/
- Financial Conduct Authority – community benefit societies and co-operative societies: fca.org.uk/firms/registered-societies-introduction/co-operative-community-benefit-societies-act-2014
- How to set up a charity (CC21a): gov.uk/guidance/how-to-set-up-a-charity-cc21a
- Law Society: lawsociety.org.uk/home.law
- Just about Managing? Effective Management for Voluntary Organisations and Community Groups, Sandy Adirondack sandy-a.co.uk/books.htm
- Managing Without Profit, Hudson M, Directory of Social Change: dsc.org.uk/publication/managing-without-profit/
- Setting up a trading company, NCVO: acevo.org.uk/publications/setting-up-a-trading-company/

Managing premises

- Association of British Insurers: abi.org.uk
- British Insurance Brokers Association: biba.org.uk
- Ethical Property Company: ethicalproperty.co.uk
- How to work with consultants: powertochange.org.uk/wp-content/uploads/2016/11/Working_with_Consultants_Merged_FINAL.pdf
- Making your community business more accessible and inclusive for people with disabilities – A guide: powertochange.org.uk/wp-content/uploads/2019/02/PtC-Disability-Guidance.pdf
- Recovering the calm – Best practice guide to prayer rooms and quiet space at work: slideshare.net/MinistryOfCalm/recovering-the-calm-best-practice-guide-to-prayer-rooms-and-quiet-space-at-w
- Safeguarding information from NCVO: knowhow.ncvo.org.uk/safeguarding
- The Carbon Trust: carbontrust.com/home/
- The Centre for Accessible Environments (London only): cae.org.uk
- The Centre for Sustainable Energy: cse.org.uk/local-energy/resources
- The Health and Safety Executive: hse.gov.uk/guidance/index.htm
- The National Register of Access Consultants (NRAC): nrac.org.uk/
- The Valuation Office Agency (VOA): gov.uk/correct-your-business-rates

Mapping places and understanding community needs:

– Community Wellbeing Index: communitywellbeing.coop.co.uk

– Local Authority Health Profiles: fingertips.phe.org.uk/profile/health-profiles

– Indices of deprivation map (2015): dclgapps.communities.gov.uk/imd/idmap.html

– Mapping community spaces: mycommunity.org.uk/resources/mapping-local-community-assets-online/

– There are several local data sources called observatories or Insights which can provide statistical intelligence. For example: nottinghaminsight.org.uk/

Marketing:

– Capsule CRM, free start-up systems for customer relationship management: capsulecrm.com

– CiviCRM, free customer relationship management solution: civicrm.org

– Mailchimp, e-newsletter: mailchimp.com

– Media Trust, guides, toolkits, tips and communications support for charities: mediatrust.org/

– SurveyMonkey, free online surveys: surveymonkey.com

– Wordpress, website building: wordpress.com

Neighbourhood Planning:

– Neighbourhood Planning: neighbourhoodplanning.org/about/neighbourhood-planning/

Practitioners and networks:

– Action with Communities in Rural England (ACRE): acre.org.uk

– Co-operatives UK: uk.coop

– Meanwhile Foundation, a membership organisation providing online guidance to the Meanwhile use industry: meanwhile.org.uk/

– MyCommunity: mycommunity.org.uk/wp-content/uploads/2016/10/Community-Hubs-FINAL.pdf and mycommunity.org.uk/

– National Council for Voluntary Organisations (NCVO): ncvo.org.uk

– National Association for Voluntary and Community Action (NAVCA) – navca.org.uk

- Plunkett Foundation: plunkett.co.uk

- Social Enterprise UK (SEUK): socialenterprise.org.uk

Research and publications:

- Community hubs: understanding survival and success: https://www.learningfrombiglocal.org.uk/resources/community-hubs-understanding-survival-and-success

- In Our Hands: A History of Community Business, Steve Wyler: historyofcommunitybusiness.co.uk/

- What works: Successful community hubs, Power to Change: powertochange.org.uk/wp-content/uploads/2018/03/Report-14-Success-Factors-Community-Hubs-DIGITAL.pdf

Setting objectives:

- Project objectives: businessballs.com

- SMART targets: projectsmart.co.uk/stepping-up-smart-goals.php

Staff and volunteers:

- Dealing With Conflict: Toolkit: diycommitteeguide.org/resource/dealing-conflict-toolkit

- Dealing with difficult volunteers: volunteerhub.com/blog/difficult-volunteers/

- Employing staff for the first time: gov.uk/employing-staff

- Find a volunteer centre: ncvo.org.uk/ncvo-volunteering/find-a-volunteer-centre

- How to volunteer in your local community: gov.uk/government/get-involved/take-part/volunteer

- Managing conflicts or disagreements: knowhow.ncvo.org.uk/your-team/people-management-skills/staff/managing-conflict

- Skills audit: reachvolunteering.org.uk/guide/how-complete-skills-audit

- Volunteering resources: ncvo.org.uk/ncvo-volunteering

Working with the public sector:

- Striking a balance: a study of how community businesses in Bradford, Hartlepool and Middlesbrough build working relationships with the public, private and third sector: powertochange.org. uk/research/striking-balance-study-community-businesses-bradford-hartlepool-middlesborough-build-working-relationships-public-private-third-sector/

Glossary

Accountability: Accountability is about letting people know what you are doing; keeping them informed. It does not have to involve consultation or decision making. An example is a "you said, we did" board. This may outline the types of comments, complaints suggestions you've received from people and then shows what you have done to respond to these.

Architect: You will need an architect if you want to design construction works that need planning permission for a new building or major improvements to an existing one.

Assets of Community Value: Community organisations can nominate places and spaces in their community that are important to local people (such as libraries, community centres, pubs, shops or green spaces) to be registered as Assets of Community Value with their local authority. If Assets of Community Value come up for sale, the community can have up to six months to raise the funds to bid to buy it. At the end of the period, the owner may sell it to whoever and at whatever price they choose. See: mycommunity.org. uk/take-action/land-and-building-assets/assets-of-community-value-right-to-bid/

Assumptions: Assumptions are what drive the predictions you make about income and expenditure. For example, if you have 4 offices for hire and you assume that at any one time only 3 will be occupied because of tenant turnover, your assumption is 75% occupancy. This then feeds into how you work out your income on the office rental.

Baseline: Baseline information refers to the data you collect at the start, to enable you to measure a change in circumstances to demonstrate impact. In a community hub context, baseline data could relate to individuals or groups of people.

Board: The group of people who control, direct and are legally responsible for the activities of the organisation.

Budget: A budget is a list of figures that compare the expected income (money coming into the organisation, e.g. from room bookings) with the expected expenditure (money going out of the organisation, e.g. staff salaries). Budgets are future projections of what you think will happen in terms of the money.

Business activities: For many community hubs just starting up one of the most challenging issues that they need to address is identifying their individual business activities or 'business units'. Many Community hubs assume that they do only one thing – running the building – but in reality the building is simply the premises that houses a number of individual 'business units', such as renting out space as offices, charging for room hire for community groups and private functions, etc.

Business plan: A business plan is a document that describes an organisation's current status and plans. It describes a business, its objectives, its strategies, the market it is in and its financial forecasts. Many people think the business plan is just the numbers, but it is more than that. It should describe why what you are planning to do is a good idea, how you have assessed the need, what assumptions you are using for how you provide the service and how it will be paid for, etc.

Cash flow: Cash flow looks at how cash moves within your venture. If you have a lot of upfront costs before you start to get the income in, then you have a negative cash flow that must be financed somehow. A loan given to organisations to help with cash flow is usually called a working capital loan.

Charge: A charge is registered on an organisation's property at Land Registry. It is a way by which a lender, mortgagee or grant funder secures an obligation to repay a grant or a loan against the security provided by the property.

Clinical Commissioning Groups (CCGs): NHS structures that commission most of the hospital and community NHS services in the local areas for which they are responsible.

Community Shares: The term Community Shares refers to withdrawable share capital; a form of share capital unique to co-operative and community benefit society legislation. This type of share capital can only be issued by co-operative societies, community benefit societies and charitable community benefit societies. Community shares can be used to purchase local shops and pubs, finance renewable energy schemes and transform community facilities, amongst other things. See: communityshares.org.uk

Companies House: The Government agency that incorporates and dissolves limited companies and makes company information available to the public.

Constituted: A constituted group means one that is set up with a recognised legal structure. Such structures have certain set rules for how the organisation is run and managed and sets out to who they are accountable. Common examples include: a registered charity, a company limited by guarantee, a community interest company, etc.

Constitution: A constitution is the document that sets out the rules by which an organisation manages itself at a high level.

Contingencies: A contingency budget is for things that you may not have thought about or for if your assumptions or forecasts are wrong. It is useful to build in a contingency budget as a safety net.

Corporate Social Responsibility: Corporate Social Responsibility or CSR is when businesses take a social interest in their work rather than just working solely for profit. For some businesses this might be setting a grant programme and distributing some of their profits to good causes; for others it may involve the way they work – e.g. using local sourcing of supplies wherever possible.

Council for Voluntary Service (CVS): A CVS organisation usually covers a single town, city or local authority area. CVS's offer local voluntary and community organisations a wide variety of services and support, e.g. training, funding advice, group development, etc.

Contract: A contract is where you will be asked to deliver services and outcomes directly linked to payments. For example, you may have a contract with the council to deliver 10 healthy eating sessions attended by 100 local people. You may be paid per person, per session or even for the whole block – but the important thing is that the funder is expecting clear outputs and outcomes for their money.

Customers: Customers are those that buy the products and services that the Community hub offers. There is usually more than one type of customer for everything that you do, e.g. a café that sells to the local community but also does outside catering for businesses.

Depreciation: A method of accounting for the reduction in useful life of tangible assets due to their obsolescence, wear and tear.

Earned income: Earned income can be from a range of sources. It may be from renting out space, running a café or delivering services on behalf of someone else. For example, a local authority may give a contract to run a lunch club. The money from earned income needs to cover running the service, but any profit generated can be used how you wish. This is often referred to as unrestricted income.

Evaluation: Evaluation is the process you go through to look at how well your project is doing; what has worked well and what has worked less well, critically it's about learning from these things. Many funders may require you to undertake an evaluation of a project (either yourself or by commissioning someone external to do this mire independently). Even if they don't require this, you should undertake some form of evaluation of projects and the whole organisation in order to ensure you are learning about the best way of achieving your aims.

Evidence base: While speaking and listening to local people is an excellent way of starting to establish good evidence of need you may also need some more robust data. Think about local population numbers and what assumptions you can make about need. Are there good sources of local data: e.g. poverty levels, health, employment, education?

Feasibility: Feasibility is the process of understanding whether the business idea is viable – can it cover its costs, are there legal issues, etc?

Governance: Governance is about how the organisation is led by the people ultimately responsible. For example – for a charity, the governance is dealt with by the board of trustees. For a company it will be the board of directors. Depending on your structure, the people responsible for governance may be paid or unpaid and their duties may vary – but they will always have the responsibility for setting strategic direction and making sure the organisation is meeting its aims.

Grants: Grants are income given by a funder. This could be a local authority, a grant making trust (e.g. the National Lottery Community Fund, Comic Relief, etc). Grants are usually for a specific purpose and are often referred to as restricted income, meaning that the money can only be spent on the purposes for which the grant is given. Organisations that are heavily reliant on grant income often struggle to be sustainable as grants are usually time limited.

Gross: The gross floor area (or square footage) of a building is the total floor area measured from the outside walls.

Hierarchy: A hierarchy outlines levels of responsibility and usually has people at the top of the organisation managing others, who may manage further people, etc. Such hierarchies are common but not the only way. Cooperative structures may have everyone at the same level but with different responsibilities.

Impact: Impacts are the broader, longer term effects of an outcome. For example, the impact of a training programme that gets people back into work is that the community is financially better off over time.

Incubating: As community needs change, community hubs respond accordingly, providing space and support to residents and organisations who want to develop new services.

Infrastructure organisations: Most infrastructure organisations operate on some form of membership basis. Sometimes the membership is free and sometimes it is paid for – often depending on organisation size, services offered etc. Infrastructure organisations work with a defined group of members to support them in what they do. This can range from advice, updates, peer networking, campaigning, etc.

Landlord: The term used in landlord and tenant legislation to denote the person or company who owns and rents or leases premises.

Lease: A lease provides a legal right to occupy a building (subject to complying with the lease conditions) and can give the tenant rights under the 1954 Landlord and Tenant Act. The long-term nature of a lease normally means that they come with various liabilities and obligations. Take legal advice, e.g. lawsociety.org.uk/home. law.

Less than best: Less than best, i.e. below market value, is where the local authority lets land or a building go to a not for profit 'asset locked' (a constitutional device that prevents the distribution of residual assets to its members) organisation at a discounted value, usually for a token or nominal amount, such as £1. This is commonly referred to as a 'peppercorn' lease.

Licence: A licence provides a short-term agreement and does not usually give legal rights under the 1954 Landlord and Tenant Act.

Loan: A loan is money that someone gives you and you must repay. Loans usually have interest payments attached to them – but not always. There are many different types of loan. Secured loans are where the lender has some control over your assets (a building, your future invoices, etc) and an unsecured loan is where they don't hold this control. Often secured loans are cheaper in terms of interest, which is why holding an asset of value is important.

Long leasehold: The length of lease can vary, but for most Community Asset Transfers (CATs), where grants or loans are required for investment, the length of tenure will need to be long enough to secure investment from funders. This is usually a minimum of 25 years, sometimes much longer.

Market research: This includes identifying all local competition and finding out about their cost structure and what they offer. Charging more may be right if you are providing higher quality than the competition, but you must be able to justify this. Ask people if they would use the service and if so, what they would spend. Be careful with this data. People can miscalculate their future demand and surveys can be self-selecting. Look at what similar developments in comparable areas have achieved. Having a successful example to tout is proof that the idea can be made to work. The limitation here is that every situation is slightly different. Talk to others who have done similar projects. Find out what they charge, and which facilities and services have proved most successful.

Meanwhile use: Temporary occupation of empty property (usually town centre retail premises) by non-commercial occupiers.

Net floor area: The net floor area (or square footage) of a building is the useable amount of space after taking away 'circulatory' spaces and 'common areas', including stairwells, lifts, toilets and entrance lobbies, etc. It's important to get the balance between gross and net right in a building to ensure financial sustainability.

Net revenue: Your net revenue is your earnings after you subtract all your costs or expenses. It's important to understand all the costs associated with running the community hub in order to establish if it is an asset rather than a liability.

Outputs and Outcomes: Outputs are the direct things that will happen as a result of your project. For example, a training course may have outputs related to numbers of people attending, numbers of qualifications gained, etc. Outcomes refer to what will happen as a result of the outputs being achieved, e.g. for the example above, more people in work.

Overheads: The costs required to run an organisation which cannot be directly attributed to any specific business activity. Examples are accountancy and legal expenses, insurance, rent, utilities, etc.

Partnerships and Collaboration: While used interchangeably it can be helpful to distinguish between these two terms. We would refer to a partnership as being two or more organisations working together with clear roles and responsibilities, often written down and possibly with some formal legal agreement. It is often the case that there is a lead partner, who may sub-contract to others. Collaboration is where more than one organisation works together, but in a less formal way and often without legal agreements in place.

Policies: A policy sets out your approach to a specific issue – for example an equal opportunity policy may say that you will not discriminate against people on the grounds of ethnic background. A procedure sets out how you will enact the policy. In the example above, it may be that you will always advertise posts to open competition and have a strict system for selecting candidates. Sometimes you can merge policies and procedures into one document and sometimes it is helpful to have them separated.

Prime Contractor: Prime Contractors are responsible for delivering the contract, and therefore for the performance of all the subcontractors. Prime Contracting is popular where contracts are combined or aggregated into large contracts covering several services, or across a wider geographic area, or both.

Reserves: Reserves are effectively the savings an organisation holds. However, unlike savings they may be tied in property, other assets or cash. Even when in cash you may not always see them sitting in a bank account as you may use them to help with cash flow (i.e. paying for the things you need before the money comes in). Some reserves may be restricted for certain uses only, based on what a funder has given the money for. It is important to be aware of such reserves and not use them for other purposes.

Restrictive covenants: Rules or conditions that dictate or restrict how land and property can be used.

Sinking fund: A sinking or building fund is a fund formed by periodically setting aside money for the replacement of a wasting asset, for example, heating and air-conditioning plant and equipment, lifts, etc.

SMART: SMART objectives are:

- Specific – you should know when an objective has been reached by making it as definite as possible.
- Measurable – you should be able to measure whether the objective has been achieved.
- Attainable – the target must be possible to achieve.
- Relevant – it should form part of the business's overall aim.
- Time-related – the objective should be achieved in a specified time period.

Sublet: The ability of the tenant to grant property interests out of its own lease. The tenant's lease may contain provisions limiting its ability to sublet or impose conditions that must be complied with.

Subsidy: A subsidy is a form of financial aid towards the costs for providing an activity, usually given as a grant. Where a voluntary and community sector organisation occupies a local authority owned property, a subsidy in the form of a rent discount is often applied in recognition of the benefit of the work carried out in the community. In recent years many local authorities have revised their historic arrangements to be more transparent and consistent with their rent subsidy provisions.

Survey: In relation to land and buildings, a survey should only be carried out by a qualified professional. Search for members of the Royal Institute of Chartered Surveyors at: ricsfirms.com/

Surveyor: You will need a surveyor if you want to know what the physical condition of a building or a piece of land is, what works may be necessary to make them fit for use or to provide an estimate of their value.

Tenant: The term used in landlord and tenant legislation to describe any person who owns the leasehold interest in property and is liable to pay the service charge under the terms of the lease.

Trading: Trading is when you sell goods or services to customers. If you are a charity, there are some restrictions on trading, see: gov.uk/guidance/charities-and-trading

TUPE (Transfer of Undertaking Protection of Employment): If one employer transfers a project to another, for example if another organisation wins the contract to deliver services previously delivered by another organisation, the staff involved may be subject to TUPE. This can be very onerous as you may have to take staff under their existing terms and conditions. Finding this out in the early stages can help with feasibility planning. More on TUPE can be found here: gov.uk/transfers-takeovers/transfers-of-employment-contracts

Value proposition: The things which the community hub offers which it hopes people will want.

VAT: Value Added Tax is a complex tax based on services provided. See: gov.uk/topic/business-tax/vat. If you are a charity, there are special rules regarding VAT, see: gov. uk/vat-charities

Working capital: This is money that enables the community hub to manage its revenue cash flow during the period where costs are being incurred which cannot be met by trading income. 'Pinch points' tend to occur in the first year of trading where expenditure is substantially greater than income and before market share can be established.

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