

Community Asset Transfer Guidance

Stage 3

The importance of a Business Plan

What is this document for?

This document tells you why it is important for your organisation to have a Business Plan and why we ask for one as part of the Community Asset Transfer process.

What is the purpose of a Business Plan?

A Business Plan allows an organisation to set out its aims and objectives and a direction for the future, and allows others to understand what the organisation does, where it is going and its sustainability for the future. It provides a framework for the development of the organisation and helps to make decisions and shape ideas.

Why a Business Plan is needed for your organisation

A community organisation, sports club or charity/social enterprise must think like a business with a different goal: where a corporation aims to make profit, a community organisation, sports club or charity benefit those in need (a need can be as simple as somewhere to meet, exercise or a sense of belonging to a team). The end goals are not the same, but it is important to approach the management of a community organisation, charity or club as you would that of a business.

A Business Plan also means that a charity or community organisation can demonstrate accountability. The organisations or charity receives money that was intended for a specific purpose (for the running of the organisation or charity) and a business plan can help to ensure this happens by mapping out how that money can be best used. It helps to ensure that objectives are clear and everyone within the organisation is working towards a common goal.

A Business Plan can be an important way of attracting investment/funding into the organisation or charity for the future and can be an exciting way of looking at how you will run in the future, or to reinvigorate the organisation and bring in new members.

A Business Plan comprises the basic elements of:

- Who are we and what do we do? The organisation aims, objectives and activities.
- How do we do it? The organisation's structure, staffing and volunteers and partners.
- Why do we do it? The market – who the community is and what are their needs.
- How do we tell people about it? How we communicate and promote the organisation.
- What are we going to do in the future? How t will we develop/grow to meet changing needs or increasing costs.
- How do we do it safely? How we will comply with health and safety, licencing and insurance etc.
- How much does it cost? How much we have coming in and how much is going out and what will we need in the future.

It is as simple as that.

Why does the Council need to see a Business Plan as part of CAT?

It is essential that the Council manages its resources effectively and in accordance with financial and operational regulations. Whilst it is wholly supportive of the principle of CAT, the Council must ensure that the transfer of any public asset will support its corporate objectives and the needs of its communities, is sustainable and will continue to be so in the future. As such, it must be assured through the robust CAT approval process that any organisation proposing to take on one of the Council's assets is able to fully meet these requirements.

The Business Plan provides the Council with evidence and justification such that it can assure itself that:

- The organisation is structured in an appropriate way, preferably as a limited liability organisation which protects the members or trustees.
- It understands the service the organisation delivers and what is needed and understands the community that it serves (through a survey or statistical information).
- The organisation provides a service to the community that is valued and well used and can demonstrate its social value in a clear and accountable way (this is particularly important if rent is to be offered at a 'less than best' value).
- The organisation has thought about how it will change and grow in the future which means that it has thought about succession and how it will continue to attract members and how it can meet its running and operational costs in a sustainable way without reliance on grant funding.
- The organisation has provided a cashflow forecast (of at least three years) that shows that it understands the extent of the running costs of managing and operating the asset and where the income will come from to meet those costs.

Most importantly it shows that the organisation understands how to do this in a safe way and understands the health and safety implications of running an asset which the public uses. The onus is very much on the organisation, association, club or committee that takes over responsibility for the asset to keep people safe and it must demonstrate that it understands that compliance with statutory and safety regulations will be its responsibility. This is why it is important for an organisation to be incorporated (be a legal entity in its own right) so that individuals are not singly responsible for the operation of an asset (e.g. a community centre).

More information relating to your compliance obligations are included in the Business Plan template and additional documentation is also available as part of the support programme to help you produce the full Business Plan.

If the proposal is to take a lease of the Council's asset, the lease will be a full repair and insuring lease, with your organisation bearing all of the costs of the running and maintenance of your asset.

The Council must ensure that your organisation understands this before you enter into a lease or freehold transfer. It is therefore necessary to go through a Business Plan process which covers all of these areas and provide a financial forecast so that future sustainability can be reassured.

Business Plan template

The Council has produced a Full Business Plan template to help you understand the requirements and how to set them out. This template is available ([add link](#))