My Community

Community Buildings
Roadmap Guide

Part 1:
Deciding Whether to Proceed and How to Proceed

locality

Identifying Need and Commitment

This first section looks at the questions that should to be asked to ensure that a project is needed, and that there is the drive and commitment to make it happen.

Key Questions

Successful community-led developments rely on a committed team with strong leadership, pursuing clear objectives that address identifiable needs. Many development projects fail to get off the ground or run into difficulties because their initiators have not answered some of the most basic questions:

- Why is the development needed?
- Who is it for?
- What will it achieve and how?
- Who needs to be involved?
- Who will lead the project?
- Who will manage the development when it is completed?

Community Engagement

Genuine community-led development is based around the needs and aspirations of the local community in the neighbourhood where the development is to take place. Ideally, the concept for the development and the principles that shape it will have been reached during a process of community engagement that begins in the earliest days of the project and is continued right through it.

Early community engagement is essential to gather information and develop understanding about the area and community. It also helps to develop consensus, create confidence in the developing proposals and to avoid conflict, cost and delay at later stages. Care should be taken to ask open questions and avoid 'loading' the process. The aim is to find out about local circumstances and issues that the development needs to consider, and to identify needs, aspirations and gaps in local services and facilities. It is also about understanding the community's aspirations for the area.

By using 'issue-based' rather than 'solution-based' questions, it allows individuals to present their own points of view and help to shape the development. Later engagement stages can then concentrate on more specific proposals, leading to consultation on facilities to be incorporated and on the design and layout of buildings and land.

It is good practice to produce a community engagement programme outlining the process and determining how information and detail will develop. This could include:

- consultation events – identifying needs, aspirations and gaps.
- the use of social media (website, Facebook, Twitter) – to disseminate and gather information and raise awareness of the proposals.
- written surveys and questionnaires – delivered to local residents and/or canvassed on the street.
- stakeholder workshops and discussion groups – to debate issues, develop solutions and establish a consensus.
- design workshops – possibly including mapping and model-making.

Effective Community Engagement:
- is open, welcoming and inclusive – reaching the broadest cross-section of the community.
- avoids tokenism – does not try to promote pre-determined plans
- is creative, stimulating and enjoyable – well planned to be relevant and providing opportunities to contribute.
- is honest and transparent – manages expectations and defines the scope and limitations of the process.
- is targeted – aiming to reach under-represented groups.
- is accessible – in terms of location, timing, media and format.
- provides feedback at all stages.

Partners and Stakeholders

It is useful to identify and approach key local partners and stakeholders at an early stage. These are local organisations and individuals that have a particular interest in the local area or in the issues that are to be addressed. Stakeholders may be able to contribute in various ways:

- being part of a partnership or steering group
- providing venues or facilitation for community engagement
- supporting the development of the proposals
- providing information, evidence and advice
- providing access to networks and further partners

Depending on the nature of the development proposed, local stakeholders might include any of the following:

- local authorities and councillors
- local shopkeepers, businesses, major employers and business organisations
- community groups such as residents' associations, local civic or amenity societies, history groups or sports clubs, groups representing minorities
- landowners and developers
- schools, colleges and universities
- community organisers, facilitators or activists
- local institutions (art centres, performance venues, architecture centres)
- health and social care organisations

Evidence

In order to inform the project development process and to reassure supporters, partners and potential funders, it is important that the project be underpinned by firm evidence.

ALERT Without evidence and proper community engagement, there is a high risk that the development scheme will reflect the assumptions and prejudices of those leading it rather than the needs of the area and the community.

For any significant development, it may be necessary to consider a range of social, economic and environmental data, such as population trends, local employment, industries and social trends. Other evidence might relate to housing, transport, natural environments, built heritage, retail centres, rival and complementary community facilities. It may also include market trends and market potential.

Before commissioning surveys and initiating other research, it is important to review existing evidence and consider its relevance and whether it is up-to-date. Reliable information is increasingly available online and is likely to be available from the local authority and other public organisations.

Vision and Leadership

Once initial community engagement has been carried out and relevant evidence has been reviewed and collected, it is sensible to establish aims, objectives and a vision for the development. This may be in line with the organisation's aims but also needs to be specific to the development proposals.

- **Aims** set out why the project exists and what it hopes to achieve.
- **Objectives** are specific statements defining the steps to be taken to achieve the aims.
- **The Vision** is an aspirational description of what the development will accomplish in the long term.

Establishing a clear vision, aims and objectives will inform the project planning stage, which will set out the scope and complexity of the tasks ahead. It will determine the skills and experience required to drive the project forward. A project leader may already be in place. If not, a motivational and capable project leader will be required. This is not necessarily the same person as the project manager. Leadership is more about persuading, motivating and driving the project.

Establishing the aims of the development will help determine the necessary governance and structure for the organisation delivering the project (see section on project management).

Financial Viability

Part of this guide includes a financial viability tool, designed to help groups undertake a basic, but useful costing exercise in terms of the overall project. By using this tool, groups can quickly determine if there are likely to be major financial issues linked to the project, and to decide whether or not it is broadly viable.

ALERT It is helpful to take this overview at the beginning of a project, as an early failure to recognise key financial problems can spell disaster for a project as it moves forward.

Neighbourhood Plans Roadmap Guide:
http://mycommunity.org.uk/resources/neighbourhood-planning-roadmap/

Neighbourhood Planning Case Studies:
http://mycommunity.org.uk/programme/neighbourhood-planning/?_a=stories

The Community Planning Website:
http://www.communityplanning.net

North Smethwick Development Trust, work begins. Courtesy of Express & Star newspapers.

Deciding on a Structure

This section looks at different kinds of community organisations and is intended to help in deciding which is best suited to different kinds of project.

Community-led

This guide is concerned with community-led construction projects. Community-led organisations are those in which the local community has a say in strategic and policy decisions. This is usually achieved through a board of management drawn from the local community, with existing or prospective residents in the majority. The make-up of the board should reflect the mix of the local community in terms of gender, age, ethnicity and other characteristics.

Community-led organisations are independent and guard against undue influence by making sure that representatives from partner organisations or the local authority comprise no more than 20% of the board. Independence is also maintained by avoiding being over-reliant on a singular source of funding or particular partnerships.

Community-led organisations often have a broad membership which extends beyond board representation and maintain a dialogue with the community by keeping local people informed of developments and encouraging, welcoming and acting upon local views and opinions.

Community-led organisations will always put the needs of the community before potential profits, which they generally invest back into the business or in community projects.

Delivery Models: Types of Community Organisation

There are various models for community-led organisations capable of undertaking development. It is important to select the right model, as this choice will affect how the organisation operates and how it relates to other organisations with similar characteristics. The following section describes some of the most common models and the national bodies that support and represent them.

Small Community Trusts and Associations: Many community-led organisations are established to serve a small community or provide a particular service, and take on buildings or land to help them deliver specific aims. There are numerous small trusts and associations that manage community centres, sports facilities or heritage buildings, often without permanent staff, surviving on room hires, local fund-raising and charitable donations. Many are members of Community Matters, the national federation for community organisations, which provides practical support and advocates on their behalf (www.communitymatters.org.uk).

Building Preservation Trusts: These are not necessarily community-led but are not-for-profit and established for the preservation of heritage buildings. They often operate a rolling programme by selling refurbished properties to finance the purchase of new buildings. Building Preservation Trusts may be members of the Association of Preservation Trusts (www.ukapt.org.uk).

Development Trusts, and Social Action Centres: Although these models have evolved in different ways, they are essentially very similar. They are types of independent, community-led, not-for-private-profit organisations concerned with the regeneration of a particular area or community. They seek to be self-sustainable though generating income from their own enterprises and through the ownership of assets.

Following the merger of the Development Trusts Association and the British Association of Settlements and Social Action Centres (BASSAC) in 2011, all these organisations became part of the same network run by Locality in England and its sister organisations, the Development Trusts Associations for Scotland, Wales and Northern Ireland. Locality's membership of several hundred trusts is extremely diverse, including very small and very large. Some have significant land and built assets including community buildings, housing, industrial estates, local parks and even islands. Locality provides practical support, a national voice and runs national programmes around Asset Development, Community Rights and Neighbourhood Planning. (www.locality.org.uk).

Community Land Trusts (CLTs): These are community-led organisations that provide land, homes and other assets to meet the long-term needs of the community. They have a membership structure that is open to anyone who lives or works in the local area, whether or not they live in the properties the trust provides. Around 160 CLTs operate across England and Wales delivering things like homes, meeting spaces, workspaces, shops, pubs, farms and gardens. They hold these assets in trust for the benefit of the community and ensure that they remain permanently affordable and provide a long-term income stream. The National CLT Network provides guidance, funding, toolkits and advice for anyone running or setting up a CLT (**www.communitylandtrusts.org.uk**).

Cohousing: Cohousing is a concept that brings individuals and families together in groups to share common aims and activities while having their own self-contained accommodation and personal space. The combination of housing units and shared facilities helps bring neighbours together to collaborate and offers particular benefits for children, in terms of secure play space, and for older people in terms of mutual support. Cohousing communities are set up and run by their members for mutual benefit. It can be developed for home ownership, shared ownership or both affordable and market rent. The UK Cohousing Network provides a range of resources including advice, events and direct support (**www.cohousing.org.uk**).

Housing Co-operative: A housing co-operative is a housing organisation that is controlled, managed and owned by its members. There are many forms in the UK, the most common being 'ownership' housing co-ops, where the community owns all the homes and rents them to tenant members. Most are 'fully mutual', meaning that all of their tenants are required to be members of the co-op and their governance structures consist entirely of tenant members. The Confederation of Co-operative Housing is open to co-operative housing organisations and others who support co-operative housing, and provides advice and support to community organisations, local authorities and housing associations, and supports existing co-ops to develop further (**www.cch.coop**).

Self-help housing: This involves local community-led organisations procuring and renovating empty properties to make them habitable to rent or buy. It differs from self-build housing, which involves constructing new homes on vacant or cleared plots. Self-help housing projects are normally taken up by groups of people with particular housing needs, which are not being met by local authorities or housing associations, such as single people, young people and refugees. Self Help Housing.org offers advice, case studies and a directory and location of over 120 organisations (**www.self-help-housing.org**).

Community self-build: Around 11,000 people a year build their own homes, a growing number of which choose to do so collectively, by forming their own private groups, forming co-operatives or by working in partnership with a housing association. The Self Build Portal provides help in understanding the ways groups can get self-build projects off the ground (www.selfbuildportal.org.uk). The Community Self Build Agency helps groups manage and deliver their schemes **(www.communityselfbuildagency.org.uk)** and the National Custom and Self Build Association campaigns to make it easier for people to build their own homes **(www.nacsba.org.uk).**

The development of the new Newton Regis Village Hall.

Legal Models

Once the most appropriate type of community-led organisation has been chosen, a decision needs to be made on the most appropriate legal model for that organisation. Community groups that are formed to own property, employ staff or offer services need to choose a legal structure that fits in with what they want to achieve, their community values and the level of financial commitment they will take on. Adopting an appropriate legal model creates a legal entity and in doing so, will protect individuals from personal liability, help others to understand how and why the organisation operates and instil the confidence of the local community and potential funders.

There are a number of different organisational legal structures suitable for community (not- for-private-profit) organisations taking on the ownership or development of buildings and land.

Appropriate structures share key features: they are designed to serve a particular community or area of benefit; they stipulate that any profits will only be used to further the objectives of the organisation; and they protect assets in perpetuity for the public good or benefit of the local community through a provision in their governing document, known as an Asset Lock. Each model has its own form of governing document that will set out: the objects or purpose; the powers it will use to carry out its objectives; its internal administration; how it will maintain public accountability; and how rules may be changed.

The following section describes different legal models:

A Company Limited by Guarantee: This is the most common legal structure for a community organisation. Directors act as guarantors of the company rather than shareholders but their liability is limited to their shareholding which is usually just £1. They are relatively inexpensive to establish and are regulated by Companies House. A Company Limited by Guarantee may also register as a charity with the Charity Commission if it has charitable objectives. Registering as a charity provides an asset lock, which would otherwise need to be specifically stated in the company's governing document.

A Community Benefit Society: Registered under the Community Benefit Societies Act 2014 via the FCA. This model has open community membership and all members have one equal vote. This model can be used by those organisations that intend to raise capital by carrying out a community share issue. They are more expensive and more time consuming to set up. A Community Benefit Societies can also register as a charity if it is set up with charitable objectives.

For organisations that are established specifically for the benefit of a limited group of people, as opposed to the wider community, there is an alternative option to register under the same legislation, but as a Co-operative. They can also issue community shares. However co-operatives cannot register as charities because their area of benefit is limited to their members and not the wider community.

Companies that are registered as charities need to submit annual returns for both Companies House and the Charity Commission.

Over the past few years, two new structures have been established to help simplify the situation for community organisations.

Community Interest Company Limited by Guarantee (CIC): A CIC has the same basic structure as a standard company limited by guarantee, but in addition, has a guarantee that the company's assets are used for the benefit of the Community by means of an asset lock. They are regulated by Companies House, which liaises with the CIC regulator for which they produce an annual statement of community benefit. Their governing documents include an asset lock and they are not permitted to register as a charity. They are inexpensive to establish.

Charitable Incorporated Organisation (CIO): This is the most recently established structure. It is an incorporated form of charity, which is not a company and only has to register with the Charity Commission. It can enter into contracts in its own right, its trustees having limited liability. CIOs only came into existence in 2012, so are not yet widely used. There are two types and the 'association' model makes it possible to offer membership to the community who are then able vote for the trustees at the AGM.

Legal Structures for Developing Community Buildings: At a Glance					
Legal structure	Summary: most typical features	Ownership, governance and constitution	Can its activities benefit those who own and/or run it?	Assets "locked in" for community benefit?	Can it be a charity and get charitable status tax benefits?
Company Limited by Guarantee	Most frequently adopted not-for-private-profit legal structure; can be adapted to suit most purposes.	Directors manage business on behalf of members. Considerable flexibility over internal rules.	Yes (but no dividends etc to members).	Would need bespoke drafting in articles (which could be amended by members).	Yes if it meets the criteria for being a charity and has charitable objectives
Community interest company (CIC)	An "off-the-peg" limited company structure for social enterprise with secure "asset lock" and focus on community benefit.	As for other limited companies, but subject to additional regulation to ensure community benefits.	Yes, but must benefit wider community as well.	Yes, through standard provisions which all CICs must include in their constitutions.	No, but can become a charity if it ceases to be a CIC and reverts to a company limited by guarantee.
Community Benefit Society (Under 2014 Act)	Benefit community other than just its own members.	Members elect Board at AGM. New legislation provides option of more secure form of asset lock.	Must primarily benefit a wider community than just own members..	Yes (asset lock only survives dissolution if new statutory form of asset lock adopted).	Yes if it meets the criteria for being a charity
Charitable Incorporated Organisation (CIO)	Introduced in December 2012 this is the first ready-made corporate structure specifically designed for charities.	Similar to company but with different terminology (e.g. for "directors" read "charity trustees").	Like all charities must be of benefit to the community, rather than those running it.	Yes.	anything but a charity, and must meet the criteria for being a charity.
Housing Co-operative (Under 2014 Act)	Is set up to meet the needs of its members, who run it.	Run by the members (ie the beneficiaries)	Yes.	Assets can be locked for the benefit of the members.	Ineligible for registration as a charity, because benefit is limited to members

Writing a Business Plan

ALERT One of the most common causes of project failure is a weak business plan, or even no business plan.

This section of the guide looks at how the feasibility of projects can be tested and the things that need to be considered when preparing a business plan.

Project Planning and Business Planning

A critical success factor in any project is the quality of the project planning and business planning.

Project planning relates to the delivery of the capital stage of the project and is dealt with in more detail in the next section of this guide. The capital stage covers all activities up to and including the completion of the actual development of land or buildings to create the facility needed. This may include:

- market research to establish the type and nature of the local need for the proposed facility or services.
- sourcing of suitable site or property.
- initial designs, costings and timelines.
- development of the project brief.
- establishment of the project's aims, objectives and outcomes.
- securing funding.
- engaging the professional team.
- design development.
- appointing a contractor.
- the construction or refurbishment works.

Business planning relates to the revenue stage of the project; the running of the facility once it is completed and opened. Business Plans will set out some or all of the following:

- the vision and aims of the project
- the scope of and brief for the proposed development
- what the development will do or deliver (facilities, services, etc.)
- demand – potential customers/clients/users
- competition
- marketing plan
- quality assurance
- assessment of risk
- running costs
- projected income

To be viable, income obviously needs to equal or exceed the costs in the medium or longer term.

Feasibility of the project

A feasibility study will normally be required by funders, organisational boards, partners and anyone else with a stake in the development scheme. A feasibility study will look at a number of different factors to make sure that the project stacks up financially and that there are no other barriers that could stop it from proceeding or lead to failure in the longer term.

A key element of a feasibility study will be a projection of capital costs and of ongoing operational costs, together with income. This should demonstrate that funds can be raised to cover capital costs and that income will cover expenditure once the facility is open.

FYI Credible project plans and business plans are crucial to demonstrate to potential funders and others that projects are viable and sustainable. They will be used to evaluate the strength of the venture and make decisions on whether to support it. Sometimes, funders and others may use the term business plan to include the project plan.

Feasibility studies often include many other elements:

Market Appraisal: In order to establish that projections on income are realistic, a market appraisal will be required. This will need to show that there is demand for the facilities proposed, at the price proposed. Supply will have to be taken into account too. Even if there is need and demand for the facilities, it may already be catered for elsewhere.

Land Availability: The land or buildings must be already controlled or available for rent or purchase at a realistic price. (See section on site/building selection.)

Statutory Consents: These must be in place or be realistically obtainable. This includes planning permission. (See section on statutory consents.)

Funding: Funding for capital costs must be in place or be realistically available.

Other factors: Other points to consider may include current economic conditions, other development proposals in the area, infrastructure in and around the site (roads, broadband, shops, etc.) and any other factors that could affect the construction of operational phases of the project.

Locality – Building Calculator:
http://locality.org.uk/projects/building-calculator/

Feasibility funding for Community-led Projects:
http://mycommunity.org.uk/programme/community-housing/?_a=funding

Funding Central:
http://www.fundingcentral.org.uk