

Writing a Business Plan for a Capital Project

This guide focuses on developing a business plan for a project to acquire and/or refurbish an asset. Putting together a strong business plan will help to gain support for your project. However, the main reason for writing a business plan is to guide your development as an organisation. A business plan sets out your thinking on how the project will be developed and ensures that you have covered all the necessary elements for the project to be successful.



This guide may be helpful if you are not used to writing business plans. It is also helpful as a tool to check your business plan to ensure that you have covered all the elements. In each section, the guide gives a general explanation including issues which may be of importance to funders and then sets out the information which should be included.

Not all information needs to be included in the main business plan. Put further details and supporting documentation into appendices.

Write your business plan so that it makes sense to someone who does not know your organisation. Avoid jargon and explain acronyms.

Most funders will expect you to complete an application form which may be in addition to or instead of a business plan. Writing a business plan should ensure that you have all the information you need to complete an application form. The final section of this guidance covers the factors that funders look at when deciding whether to support your project.

Definition of Terms

Funder – means any organisation which might fund the project, including grant funders, statutory sources of funding (such as government and local authorities) and organisations providing loan finance.

Capital expenditure – means funding to acquire, build, extend or refurbish an asset.

Revenue – means day to day income and expenditure to operate the organisation and the asset.

Assessor – means someone working for a funder to assess an application for funding.

Statutory organisations – means local authorities, health, other parts of local and national government.

Content of a business plan

This resource is arranged around the main headings for a business plan focused on the acquisition and/or refurbishment of an asset. The order is not important, but it is essential that the plan contains all the necessary information. The main headings are

- Executive summary
- Introduction
- Activities
- Asset project
- Operating environment
- Resources
- Finance
- Risk management.

Executive summary

An executive summary should briefly highlight the main points about your organisation and your asset project.

Introduction

Details of your organisation

Essential details of your organisation should be provided at the start of the business plan.

Include:

- Name of organisation
- Address of organisation including postcode
- Contact name and details
- Address of asset including postcode (if different)

- Legal form – e.g. charitable company, community benefit society and registration numbers

Vision, mission, values and objectives

Set out your vision, mission, values and objectives. In a business plan focused on an asset project, the objectives will include acquisition and/or refurbishment of an asset.

Include:

- A vision – an image of the future you aspire to create
- A mission – why you exist and how you will achieve your vision
- Values – how you work and behave
- Objectives – what you will do to bring about your vision.

Background to your organisation

This is a helpful section for someone who does not know your organisation. It should be a summary – if you feel more detail would be helpful, include it in an appendix. The history of your organisation provides the context for your asset project.

Include:

- How, when and why you were founded
- A summary of what your organisation currently does.

Details of your local area

Use this section to give a snapshot of your local area. This gives context for the reader, particularly in respect of how the activities and plans of your organisation fit with the needs and aspirations of the local community.

Include:

- Area served by your organisation
- Size and type of local area – population, whether urban or rural
- Key characteristics including local strengths, deprivation levels, rural isolation, ethnicity, prevalence of disability and life-limiting illness
- Significant characteristics which relate to your priorities of your asset project.

Activities and services

Current activities and services

Use this section to set out in detail how the asset currently operates. If it is closed, then briefly set out how long it has been closed and its previous use.

If you currently operate the asset, include details such as overall footfall and numbers using specific services and activities. For example, if you run a multi-purpose building where lots of different activities happen, consider providing a timetable for a typical week or a day in the life of your building – what does it offer, who are your users?

This section will provide the baseline for an assessor to evaluate the impact of your asset project. Most funders will be looking to identify the added value of their funding. To do this, they need to understand your current operation.

Include:

- Numbers wherever you can – e.g. 20 people attending weekly housing advice session, one hour weekly seated exercise class, 15 participants
- Additional information in an appendix if there are lots of services and activities.

Future activities and services

Use this section to summarise the difference that your acquisition and/or refurbishment will make. What new or enhanced services and activities will be provided? Say briefly what difference it will make to the community and/or your users – expand on this in the section on impact.

Outline any research you have undertaken to show that there is a need and a market for the new activities and services and that there is no duplication with other local services and activities.

Include:

- Details of the new activities and services including expected numbers of users
- Details of any market research which shows that these services/activities are needed and will be sustainable
- Information to show that your new activities do not duplicate activities or services that are already available.

Social value and impact

Use this section to describe the social benefits, social value and impacts of your project. Provide more detail on the reasons for acquiring and/or refurbishing the asset. How will you know if your acquisition/refurbishment project is successful? What difference will it make?

There are many ways to describe the outcomes and impact of your project. For example, a theory of change or logic model will provide a framework for describing the issues addressed through your project, your activities, short term outputs, longer term outcomes, impacts and measurement of outputs and outcomes. You can find more information on impact measurement in the [Asset Hub](#) on My Community.

Detail the social benefits and impacts of your project. Most funding is competitive. Statements about being a charity or being rooted in the local community are rarely enough as other proposals will say similar things. Say clearly why funding your project will deliver outcomes that are important to local people and/or your target beneficiaries.

Provide evidence that your proposed activities will deliver the outcomes and impact you expect. This could be based on your current experience if you already operate the asset or on research and feasibility work.

Include:

- A description of the benefits of the project (social, economic, environmental, etc) and how these fit with the snapshot of your local community set out in details of your local area
- Details of how the benefits fit with community priorities established through community consultation and involvement as set out in the section on community support and involvement
- Details of how the benefits will impact different sections of the community
- Tangible examples of how the activities and services will deliver the outcomes and impacts of the project
- An explanation of how the outcomes of the project are ambitious but realistic
- Evidence used to determine the benefits of the project
- Details of how you will measure outputs, outcomes and impact
- Theory of change or logic model as an appendix.

Asset project

Description of asset project



Use this section to describe your plans for the asset. It can be helpful to include photographs, but bear in mind that this will make the document larger so it may be more difficult to email or upload. Including photographs in an appendix makes it easier to remove them if you need to reduce the document size.

Set out your reasons for acquiring and/or refurbishing the asset. Do you need to acquire the asset to prevent it being closed, demolished or its use changed? Does the asset require refurbishment or extension to make it fit for purpose?

Include:

- Description of the asset you plan to purchase or refurbish
- Where it is and its current ownership and use
- Why the asset matters – this is usually about its importance to the local community, but may also link to heritage value, location, etc.
- Brief explanation of how you will use the asset
- Reasons for acquiring and/or refurbishing the asset
- How diversity and inclusion was considered in developing plans for the asset
- Details of how failing to acquire or refurbish the asset would impact the community

Community support and involvement

Use this section to describe how the community has been consulted and involved in the development of the asset project. Keep a record of events, number of attendees, and, with permissions, have some photographs of events to illustrate this. This will give you a clear timeline and evidence of community support and involvement throughout the project. If this is a project which focuses on a particular group of users or section of the community, how have they shaped the project?

Community support is increasingly important, particularly in relation to grant funding. Many funders expect applicants to demonstrate community involvement before, during and after any asset project.

Make use of your social media. If you are doing a community survey, publicise it on social media. If you hold a consultation event, post pictures. Ensure that social media includes regular updates on your asset project and encourage local people to like your posts and comment on the proposals. Many assessors routinely check social media, so it is a good way to evidence community support.

Include:

- Examples of different ways in which the community was consulted and involved, including numbers and evidence
- Details of how community consultation and involvement reached all sections of the community
- Examples of how community consultation and involvement shaped the project
- Examples of how community consultation links to the decision-making processes of your organisation – how does the board/management committee take community views into account?
- Descriptions of volunteering and any community-based fundraising activity undertaken – these provide tangible evidence of community support for your organisation and/or the project.

Stakeholders and partners

Stakeholders include statutory organisations, other community and voluntary organisations, your staff and volunteers, your users and the local community. Your users and local people are covered in the previous section on community consultation.

Use this section to identify the stakeholders in the asset project and how they have been consulted and involved. You can include letters of support in an appendix to the business plan.

Partners are actively involved in delivering the project. For example, you may be planning to work with a local youth organisation that will deliver youth focused activities at the asset once it is acquired and/or refurbished. Be clear about the role of any partners. An assessor will look at the commitment and capacity of your partner(s) as their delivery will be key to achieving the social objectives of your asset project.

Include:

- A list of stakeholders with details of how they have been consulted about and their support for the project
- Any letters of support in an appendix

- Details of how partners will contribute to your project
- Name of partners and their legal status, current operation, how they will contribute to your project and evidence of their commitment
- As an appendix, any supporting evidence for the project provided by partners
- As an appendix, any evidence of partnership working such as a signed partnership agreement, minutes of regular meetings.

Asset acquisition or proof of ownership

The asset will be acquired through purchase or community asset transfer. If you are seeking funding for a building that you operate from, you will need to include details of your ownership.

Use this section to provide precise information about the terms on which you hold or plan to acquire the asset. Select the option below which applies to your project.

Provide the following information in your business plan about any asset you hold or plan to acquire.

Include:

- Any relevant planning or statutory consent, applications, decisions or appeals
- Any heritage status including listed building, in a conservation area, asset of historic significance or asset at risk
- Whether it is listed as an Asset of Community Value
- Summary of any condition survey on the asset
- Details of any feasibility work undertaken around the physical structure of the building – for example, feasibility of changing the internal layout or adding an extension.

Property purchase

If you are purchasing an asset, include details of ownership, likely purchase price and the status of any negotiations with the owner. Provide any evidence in an appendix, for example a valuation or a letter from the owner accepting your offer to purchase at an agreed sum. Bear in mind that funders may not be prepared to cover the whole purchase price, particularly if this is higher than the valuation.

Even if you are only seeking investment to purchase the asset, you should still provide information on its condition. If you have had a condition survey carried out, note the key findings. If there is disrepair, how will you deal with this? Funders will want reassurance that the building is in a usable condition at the point of purchase, that you have funding to carry out any essential repairs or that the

purchase price reflects the condition of the building at the point of sale and any repair work that might be needed.

Some purchases are liable for VAT, so you should ensure that you understand the VAT position. VAT is complex and you are advised to take specialist advice.

Include:

- Details of the current owner
- Details of the purchase process e.g. bidding at the end of the Asset of Community Value moratorium period, on the market, in private negotiations, sale price agreed with the owner
- The purchase price if this has been agreed – include evidence in an appendix
- If the purchase is liable for VAT, a note of the VAT situation and whether VAT is recoverable
- Information on the valuation of the asset if you have had an independent valuation carried out by a RICS qualified professional – include a summary of valuation report in an appendix and note that full document is available on request
- Details of any restrictions on the freehold if you are purchasing the freehold
- Length, terms of lease and any restrictions on use if you are purchasing a leasehold
- Likely timescale to acquire the asset
- Whether planning permission for change of use is required.

Acquiring through community asset transfer

Community asset transfer is the transfer of an asset from a local authority (or another statutory body) to a community organisation at a discount on the market value. The discount is on the basis of the delivery of social benefit. Most community asset transfers are on a long leasehold basis, though sometimes the freehold is transferred. You can find more information on community asset transfer in the [Assets Hub](#) on My Community.

Some community asset transfers require in principle agreements to fund the purchase and/or refurbish the asset before the transfer takes place. A funder will require evidence of a commitment to transfer – this is usually in the form of Heads of Terms setting out the main points of the lease. In this case, the funder agrees funding in principle, but it is not released until the asset is transferred.



If you are purchasing the asset from a local authority, check the funding criteria before you apply as some funders do not fund a purchase which would result in a capital receipt for a statutory organisation.

Community asset transfers may involve several sections of a local authority including property, community, legal and finance. It

takes time to negotiate a community asset transfer, and you will usually be asked to provide a business plan and financial projections. Once the transfer is agreed in principle, there will be internal actions to be completed by the local authority before the transfer can be completed. This will impact on timescales for acquisition and refurbishment.

Include:

- Details of the local authority which owns the asset
- Terms of the transfer
- Current stage reached in negotiations
- Likely date of transfer
- Whether change of use is required
- Any evidence, such as Heads of Terms or meetings with the local authority as an appendix.

Owning or occupying the building

If you are carrying out a major refurbishment of a building you already hold, funders will usually expect you to have the freehold or a long leasehold of 15 or more years. Check the criteria for each funder – some will expect longer than 15 years. A shorter lease may be acceptable for minor works to the building. If you have a short lease or some other arrangement for occupation of the building, you may need to negotiate with the owner before starting to raise funding for refurbishment.

If you own/occupy the property – either on a long lease or freehold – include:

- If leasehold, details of the freeholder
- Length and terms of the lease (e.g. fully repairing and insuring)
- The length of time remaining on the lease (i.e. if you signed a 35-year lease in 2015, there is 25 years remaining in 2025)
- Any restrictions included in the freehold or leasehold

- A copy of the title as an appendix
- A note that a copy of the lease is available on request.

Refurbishment work

Provide details of the refurbishment or building work in this section. Start by giving a general description of the work required – for example: new roof, new heating system, changing the layout of the ground floor, extension.

Unless you are planning minor works to the asset, you will need advice from building professionals including architects, quantity surveyors and other specialists. Funders will expect to see references to the professional advice you have taken and how this has impacted your plans. There is advice in the [Assets Hub](#) on My Community on commissioning consultants and the process of developing a building or refurbishment scheme.

Most funders will require a detailed breakdown of the cost of the proposed refurbishment work. For major refurbishment work, this is likely to be a cost plan or similar from a quantity surveyor. [The Assets Hub](#) on My Community includes guidance on the stages involved in developing a capital project. For minor refurbishment work, the breakdown of costs may be based on recent quotes for specific pieces of work. A cost breakdown will also usually include:

- an amount of contingency (which is an amount to cover unforeseen costs or risks that arise during the course of the building work)
- an allowance for inflation
- the cost of professional fees.

Refer to the criteria of each funder to check that all these elements are eligible.

Consider providing a table setting out the different elements of the refurbishment and what they will cost. Some funders wish to fund specific elements of the build, and this makes it easy to identify those elements.

Most funders will be interested in your approach to environmental sustainability, both in relation to addressing climate change and reducing running costs. Include details of how your refurbishment plans will address environmental sustainability. Examples would be insulation, low energy lighting, solar panels.

Your refurbishment costs should include VAT unless you can reclaim it. VAT on building costs is complex, and you are advised to take specialist advice.

Many funders will require details of your procurement process – that is how you select professional advisers and contractors on the basis of quality, price and other factors to achieve best value. Some funders have minimum procurement standards

which must be met – for example getting three quotes for works under £25,000 or doing a full tender for works above £50,000 – so it is important to check the funding criteria.

Include:

- Details of the findings of any feasibility study on the asset and who provided the study
- Details of the condition survey on the asset and who provided it
- Description or drawings of the planned refurbishment with information on the architect, quantity surveyor, environmental consultant and any other specialists involved
- Descriptions of any surveys undertaken or required before building work can start – e.g. archaeology, ground condition, environmental, ecological
- A table of refurbishment costs
- Evidence of how the costs in the table have been calculated – e.g. quantity surveyor, quotes
- How the refurbishment will contribute to environmental sustainability
- Your VAT status and whether you can or cannot recover VAT
- Details of your procurement policy and processes.

Details of planning permission

Unless the works to the building are minor, you will need planning permission. Even if you think planning permission is not required, you should check this out with the planning department.

Funders will expect to understand the current position in relation to planning. Confirmation that you have taken pre-planning advice will give reassurance that the project is likely to get planning permission. Be aware that there are long delays on planning in some places, so check this out and factor it into your project plan.

Include:

- Date of the award of planning permission and include a copy as an appendix
- If planning permission is not in place, details of any pre-planning advice and likely timescale for planning permission to be awarded
- If planning permission is not needed, details of how you are confident of this, e.g. pre-planning application advice, advice from professionals.

Project Plan

A project plan sets out the process and timescales for building works. It establishes how the process will be managed and how work will be signed off and quality assured.

The plan should include a realistic milestones and timescales to complete the project. Bear in mind that some elements of the process – for example getting planning permission and getting decisions from funders – are outside your control.

Check funding criteria. Some funders will expect their funding to be spent within a specific time period – for example within twelve months. If you are likely to have multiple funders, think about how you will manage their deadlines.

Include:

- Details of how the build project will be managed
- Timetable or Gantt chart setting out the key milestones to complete the refurbishment.

Operating environment

Policy context

Use this section to demonstrate how your plans fit with local, **regional** and national strategies and policies – for example local authority strategic plans, neighbourhood plan, health initiatives.

Include:

- References to local, **regional** and national strategy documents and details of how your plans fit with those strategies

Market research

Community involvement in your asset project is detailed under that section. Market research is different. It focuses on income and who will buy your services.

In relation to activities and services, this is about who are your likely customers and what will they pay. For example, if you are planning to run yoga classes, you might do a survey asking whether the respondent would go to a yoga class at your asset, how much they would pay, how often they have been to a yoga class in the last three months and where they currently go for their classes. If no one offers

yoga classes in the local area, don't assume there is a market. Check it out – there may be no classes because there is no demand.

For revenue income based on grants or contracts, you may be able to have preliminary discussions with grant funders or organisations such as local authorities and health who offer contracts. One way to research likely grant funders is to look at funding secured by other local organisations – annual accounts are available on the Charity Commission site and Companies House. Discussions around potential contracts should look at the types of services which are likely to be commissioned and the track record of awarding contracts to community or voluntary organisations.

Include:

- Details of market research you have undertaken
- How this has informed your business model and the planned mix of services and activities
- Details of likely customers, funders and commissioners.

Competitor analysis

Use this section to identify organisations which are providing similar activities and services. Think about the alternatives open to customers. For example, if you run an artisan bakery, your competitors are not just other artisan bakers, they are all local bakers and supermarkets.

Competition is not necessarily a negative. It may indicate that there is a high demand for a service or activity in your area. You may be able to work with potential competitors. Taking the yoga example, a freelance yoga teacher may be looking for additional venues to hold classes.

Include:

- A summary of local competitor organisations and how they are competitors to your organisation – more detail is often included in an appendix
- Any opportunities for collaboration or joint working.

SWOT or PESTLE Analysis

Doing a SWOT or PESTLE analysis can help you to assess your organisation in relation to your operating environment. A SWOT analysis looks at the internal strengths and weaknesses of your organisation and the external opportunities and threats. A PESTLE analysis assesses the external environment looking at political, economic, social, technological, legal and environmental factors.

Include:

- A summary of your conclusions from using the SWOT and/or PESTLE analysis
- The write up of the analysis as an appendix.

Resources

Governance

This section builds on the basic governance details provided at the start of the plan. Give details of any complexities in your structure – for example if you are part of a group structure or you have a trading subsidiary. If you are a community benefit society, indicate whether or not you have exempt charity status.

The plan should include information on whether your organisation has a membership. Some organisations have a wide membership, in others the members of the organisation are the board/management committee members. Organisations with a membership should include information on who can be a member and the cost of membership.

Provide details of your board/management committee including its size, how it operates and how people become members. Does the membership elect board/management committee members or is there an appointment process? The plan should summarise the experience of the board and senior staff in managing a community organisation and managing an acquisition and/or refurbishment project. If you don't have experience, indicate how you will acquire the necessary skills – for example training or taking advice. It is usual to include pen portraits of board/management committee members as an appendix.

For new organisations set up to save an asset, think about how your board/management committee will transition once the asset is acquired. You may need different knowledge and skills to operate the asset effectively.

An asset should be operational long after the board/management committee members, staff and volunteers involved in the development have retired. So, this section should include your approach to succession planning for board members and senior staff. There is information on succession planning in the [Assets Hub](#) on My Community.

Include:

- Details of any complexities in your legal structure
- An explanation of your membership system if you have one, including who can be a member, any membership fees, etc

- Information on how the board/management committee is elected/recruited
- Information on skills of board/management committee members
- Information in an appendix on current members of the board/management committee with a pen portrait of each
- Summary of experience in managing a community project, an acquisition or a build project
- Details of succession plans.

Accountability

Whether or not your organisation has a membership, this section should cover how the organisation is accountable to the local community and/or its users on an ongoing basis. In organisations with a wide membership, the organisation is formally accountable to its members – but this only one aspect of accountability. It is helpful to give examples.

Information in this section will link to content around consultation and involvement of the local community and stakeholders in relation to the asset project. The focus here is around on-going consultation and involvement.

Include:

- Examples of how your organisation is accountable to its members and to the wider community
- Examples of how the community will be involved with your organisation and the asset on an ongoing basis
- Examples of how your organisations informs and consults with stakeholders.

Operational plan

This builds on previous information about services and activities in the asset. An operational plan looks at how services and activities will be delivered, covering staffing and volunteering requirements, opening hours, policies and procedures. This is the basis for determining the cost of running the asset.

This is a very practical section and should be based on considerations such as opening and closing the building, whether there will be staff and volunteers on site whenever the asset is in use, if you hire space or run events, how you will take bookings, how you will handle payments?

It can be useful to include information, including examples, about how the asset will be operated to contribute to environmental sustainability – for example if you encourage travel to the asset by bike or by public transport.

Include:

- Description of day-to-day operations which underpin delivery of services and activities
- Summary of staffing and volunteering requirements
- A note of key policies and procedures – health and safety, diversity, equity and inclusion, safeguarding, data protection. It can be useful to provide a list of policies in an appendix with a note that they are available on request
- Details of how the operation of the asset will contribute to environmental sustainability.

Staff and volunteers

The section covers the staff and volunteers required and how they will be managed. It is helpful to include a staffing structure diagram with a brief description of roles and responsibilities of senior posts. For complex organisations, additional information can be provided in an appendix. Provide a similar diagram or explanation for volunteers – particularly if your asset is run wholly or mainly by volunteers.

Provide brief details about how you supervise and support staff and indicate that you have the appropriate HR policies and procedures in place.

If your plans rely on recruiting staff or volunteers, provide information on any research you have done to establish that this will be possible. You can find further information on recruitment in the [Assets Hub](#) on My Community.

New organisations should include information on their planned staffing structure (including how posts will be funded), volunteer requirement and plans to manage human resources.

Include:

- Staffing structure, plus details of any new posts and your recruitment strategy
- Details of current volunteers and any new volunteers required with details of any research or consultation carried out which indicates that there are people interested in volunteering
- Information on the management of staff and volunteers including reference to staffing policies and procedures.

Systems

Provide information in this section about the systems you use (or will use) to manage the asset. This could include systems for accounting, bookings, HR,

customer relationship management. If your asset project is a big increase in the scale of your operations, your current systems may not be adequate to manage it. Use the business planning process to consider what you need. Funders understand that scaling up an organisation is a challenge and will be reassured to see that you have plans in place to manage this.

Include:

- Details of systems to manage the organisation and asset – HR, accounting, customer relationship management, etc. – and any plans for new systems and upgrades

Marketing and communications

This section explains how you will market your activities and services and, more generally, how you will keep the community, and your stakeholders informed.

A marketing plan aims to ensure that the asset is well used. If you are selling activities or services directly to customers, the marketing plan sets out how you will identify and contact your target audience and encourage them to buy from you. Where your revenue income is based on grants or contracts, the plan sets out how you will identify and contact potential beneficiaries and encourage them to access your activities and services.

Community support is one of the key criteria for investment for many funders and ongoing community involvement and consultation is expected. The basis for this is keeping the community informed. Your business plan should set out how you will communicate with and involve your local community on an ongoing basis.

Stakeholders who support your asset project are potentially long-term allies of your organisation. Your plan should set out how you will keep them informed and involved.

You can find information about developing a marketing and communication plan on [My Community](#).

Include:

- Details of the off and online methods you will use to inform and engage your community and seek their input on a regular basis
- Details of the off and online methods you will use to market your activities and services to potential customers and beneficiaries
- Ways in which you will keep stakeholders informed of the activities of your organisation.

Equality, diversity and inclusion

This section sets out your approach to equality, diversity and inclusion. Community assets should be accessible to the whole community. If your asset is targeted at a specific section of the community, for example young people, it should be accessible to all young people in your target area. Further details can be found in the [DEI Hub](#) on My Community.

The introduction to your business plan should include a snapshot of the area you work in. This section shows how you are using that data to inform how you work with your local community.

It is usual to refer to your equality, diversity and inclusion policy and identify your key priorities. It can be useful to give examples of how you implement your policy.

Your business plan should identify how your activities and services meet the needs and aspirations of the whole community including people with protected characteristics as set out in equality legislation. It should cover recruitment of staff and volunteers.

Include:

- A summary of your equality, diversity and inclusion policy
- A description of how the asset will be accessible to the whole community
- Examples of your work on equality, diversity and inclusion
- If you have a membership structure, examples to show that membership is open and inclusive.

Finance

Capital

This section gives details of the total amount of funding you need for your asset project and your strategy for raising this sum.

For a significant refurbishment or building project, it is unlikely that all the funding will come from one funder. There is guidance in the [Assets Hub](#) on My Community around raising capital funding. Funders wish to understand the mix of funding so that they can see how their proposed investment fits.



During the development period, you will have a mix of confirmed and unconfirmed funding. It is helpful to use a table to identify potential funders, type of funding (grant, loan, community shares), amount, current status and timescales for decisions. Highlight funding which is confirmed or where discussions with funders indicate that success is highly likely.

If you are using loan funding or community shares, check that interest payments, repayment of capital and withdrawal of shares are included in your financial projections.

Some loan and grant funders will seek a charge on the asset. A charge prevents the building from being sold or further loan funding being taken out without permission from the funder. It gives priority in relation to repayment of the grant or loan if the asset is sold. You may be in a position of having more than one funder seeking a charge and may need to negotiate which funder has priority.

Include:

- Total cost of the capital
- Breakdown of potential funders, types of funding, amounts, current status and timescales for decisions
- Details of any community share offer including amount and timescale. Provide information on any pre-launch survey work to identify potential investors and the amount they plan to invest.

Revenue

This is a crucial section of the business plan. Funders are unlikely to commit significant capital to purchase and/or refurbish an asset without confidence that the asset will be financially sustainable in the long-term.

Anticipating income and expenditure several years in advance is difficult, but it is important to understand where income will come from:

- Where you expect to raise grant income to cover running costs, include a revenue funding strategy identifying potential funders, amounts and whether confirmed or unconfirmed
- Detail on activities and services which underpin your estimates of earned income from direct payments from customers
- If you deliver (or expect to deliver) contracts, detail the contracted service, amount of the contract and whether confirmed or unconfirmed.

Use any research or feasibility work you have carried out around your future business model to help you to estimate income and expenditure. Provide information about pricing and make links to the section on market research and competitors to give the background to your financial projections.

If you do not already operate the asset, expenditure can be estimated by, for example, getting information about similar assets. Where possible, trial events and activities so that you can gauge demand.

It is usual to include a budget showing expected income and expenditure covering at least three years. It may need to be longer if you are looking at a phased programme of refurbishment. The budget should show at least two years of operation after the building work is completed.

The business plan should also include a monthly revenue cashflow forecast covering at least three years. A cashflow forecast is based on expected income and expenditure and looks at when income is expected to be received and when payments will be made. Starting with an opening cash balance, a cashflow forecast estimates the cash in bank at the end of each month. This allows you to plan for times when cash is likely to be tight. There is information on preparing a cashflow in the [Assets Hub](#) on My Community.

It is important to provide assumptions for budgets and cashflow forecasts to show your calculations. This allows an assessor to understand your thinking and to sense test your income and expenditure calculations. Include budgets in your business plan and cashflow forecasts as an appendix. It can be helpful to note that a spreadsheet version of the cashflow is available on request. Many assessors find it easier to track financial information on a spreadsheet.

In relation to the capital project, you should prepare a capital and revenue cashflow if any of your capital funding will be paid in arrears, i.e. funding is only paid to you when some or all of the building work has been completed. In this case, you may need to look at some short-term loan finance to ensure that you have sufficient cash available to complete the building work.

A sensitivity analysis models what happens if your financial assumptions do not work out. For example, what happens if income is 10% lower or expenditure is 10% higher than you expect. This shows the resilience of your business model and can reassure funders that it is strong enough to cope with challenges.

Include:

- Income and expenditure budgets for at least three years with assumptions
- Monthly revenue cashflow forecast for at least three years with detailed assumptions as an appendix

- Cashflow forecast showing revenue and capital combined if you have capital funding paid in arrears
- Sensitivity analysis to show the impact if your income is lower than expected, costs higher than expected or both
- Pricing information – e.g. cost per hour for room hire, charges for managed workspace, etc.
- An explanation of how the asset will be financially sustainable in the long term.

Risk Management

Any project to acquire and/or refurbish an asset will entail risk, so this section looks at the main risks to your project and how you will manage them. There will be risks related to the acquisition and/or refurbishment, but also general risks related to operating your organisation. These include governance, operational, financial, external and compliance risks. There may also be specific risks related to your work.

It is usual to develop a risk register which identifies risk, looks at the likelihood of the risk occurring, looks at the impact if it does occur and sets out how the risk can be managed or avoided. There is information in the [Assets Hub](#) on My Community about developing a risk register. Your business plan should also include information on how you will manage risk – including how your board/management committee will assess risk and who will review and update the risk register.

Include:

- Risk register
- Information on how risk is managed in your organisation.

What funders look for

This final section is advice on what funders look for in a business plan. Funders want to invest in social outcomes which will make a long-term difference. Most funders provide detailed information about the types of work that they wish to support. You should read their published funding criteria carefully and spell out how your project meets their funding priorities. Demonstrate the added value of your asset project.

To invest a significant capital sum, a funder needs to be sure that your organisation can deliver in the long-term. This means providing detailed information on your governance and finances.

Bear in mind that it can take a considerable length of time to get a funding decision. Each funder is different. Check this out as part of your research on funding options as the timeframe for some funders may not fit with the timescale for your project.

Of course, every funder is different but there are some key elements of an application which most funders look for

- **Alignment with their priorities**
- **Clarity** – try to use the same terms throughout. Avoid or explain abbreviations and acronyms.
- **Consistency** – read the plan through when it is finished for consistency. For example, make sure that the activities and services you have listed are mirrored in the income and expenditure information in your budgets. Make sure that it is clear how the services and activities you provide will lead to the outcomes and impacts set out in the business plan. Ensure that the board members listed in your business plan tally with published information, for example on the Charity Commission site, Companies House
- **Accuracy** – check your calculations
- **Evidence** – wherever possible provide or refer to evidence. Every applicant will say that they are financially viable, have strong community support, etc. Evidence backs up your assertions.
- **Examples** – wherever possible give examples. This can be where something has happened – for example our consultation highlighted the need for a sports hall, so this has been included in our plans. It can be how you envisage operating – for example we will set up a user group which will meet quarterly to provide feedback on our programme.
- **Added value** – make it clear how your asset project will allow your organisation to deliver more. Clearly document the difference that your project will make.
- **Viability** – ensure that your business plan sets out that your organisation is financially viable in the long term, i.e. income exceeds expenditure, building up the necessary level of reserves. Funders invest capital to make a long-term difference, so they are unlikely to provide funding for an organisation which is likely to struggle financially.
- **Sustainability** – ensure that your business plan shows the capability of your board and staff to operate the asset and your organisation over the long term. This should include succession plans as managing an asset is a long-term commitment.

Bear in mind that:

- Funding decisions may be made wholly on the written information you supply. Assessors may not have capacity to contact you to follow up if they have any queries **or to visit**.
- An assessor is unlikely to know your area or your organisation.
- Assessors often check your online presence, so ensure that your website is up to date and that social media reflects an active and inclusive organisation.