

Community asset – or liability: deciding whether your community building will earn its keep

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Why do you want a community building?

- Because we don't have a community facility in our area
- Because we don't have a facility that does what we want to do
- Because we want to leave a legacy for Big Local
- Because there's a suitable building in our area
- Because local residents say that's what they want from Big Local

Is this a sustainable project?

- What do we want to do in the building?
- Will it earn income?
- Who will own it?
- What will happen at the end of Big Local?
- Will we need some money from elsewhere?
- Is borrowing an option?

What do you need to know – and when?

- Demand – is it needed?
- Cost – to buy / to convert / to run
- Who will use it?
- When does everything need to happen?
- What decisions do we need to make – and when?

Question

Do we need to bring in additional skills to help us?

Question

Is it more sustainable to have thriving groups using the existing buildings – keeping them viable?

Question

Who is influencing our decisions – inside the partnership and outside? Has anyone got a vested interest?

Question

How much of our Big Local million do we want to spend on a building – and can we get some of the money from elsewhere?

If you are thinking about borrowing

- Ask the lender for indicative terms early on
- Do a cost/benefit analysis - be sure it is the best way
- Are you confident you can afford the repayments?
- Do sensitivity testing – “what if” analysis
- Read the small print in the offer – can you comply with all of the terms?
- Have you recognised all of the costs?

Key terms – comparing loans

- Interest – not just the rate but the type and term
- Fees – check also for additional costs
- Security – what is required
- Commitment – when and why can the bank pull the plug!
- Commitment – when do you become obligated?
- Covenants – can you comply; are they overly onerous?

What does the lender want?

- Financial returns – you pay us back
- Social returns – our money makes a difference
- Have we helped you to achieve your goals?
- Has the process helped you manage your organisation better?
- Has it changed attitudes, e.g. to risk?

It's complicated!

- Make sure you really need to do this – even if the community wants you to – remember Biglopoply!
- Do your homework
- Be realistic about what the building can earn – these are hard times
- Make your Big Local million work for you to bring in money from elsewhere
- Good luck!

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