

Business Plan  
Community Asset Transfer



**PALM  
CHURCH**

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## Introduction

This business plan forms part of the Community Asset Transfer application for Palm Church. The organisation previously rented Airdrie Academy through North Lanarkshire Services, however would like to move to its own, self-contained premises.

Within the Community Asset Transfer application, the background and purpose for the use of the building by Palm Church are presented. After discussion with the trustees, the Community Asset Transfer (CAT) option was chosen as the option which was most affordable and achievable for Palm Church to attain a premises.

In this business plan, outline financial projections/business plan have been created for this option.

## Community Asset Transfer

The following information is produced to contextualise the financials and show the information on which Palm Church based their decision to seek a building under a CAT.

An option for 'ownership' would be a community asset transfer of a redundant publicly owned building to Palm Church.

Palm Church would like to ownership option and offer to purchase the Rochsoles building outright.

## Funding

As noted, Palm Church have the means to purchase the building for £10,000 immediately.

It is estimated that the cost for the renovation works is £70,000. Palm Church have an agreement in principal for 100% of the renovation funds from a foundation and business owners. This means that the building can be utilised as a community centre swiftly and renovations starting immediately. Palm church would still utilise the main hall of the building for various programmes (which requires little upgrading) whilst the works are ongoing.

Given Palm Church's strong record of donations over a number of years, and commitment from its church members, the business plan is projected as 'worst case' with donations remaining at its current income, and gaining 15-20% per annum.

## Why transfer premises to Palm Church?

Councils are increasingly cash-strapped and maintaining community buildings such as schools, libraries and local offices is expensive.

Moving the day-to-day running of such facilities to local community groups, through asset transfers, removes the facility's ownership and cost base from the council to the group taking on the building.

Councils are, not unexpectedly, extremely reluctant to take back or bail out buildings

which have failed. Councils now recognise that a robust, realistic and sustainable business case has to be made by a community group (general purpose or specialist) wanting to take on a building under a CAT. With the general tightening up of funding, each business case is now examined more stringently and marginal cases actively discouraged.

## Net Zero

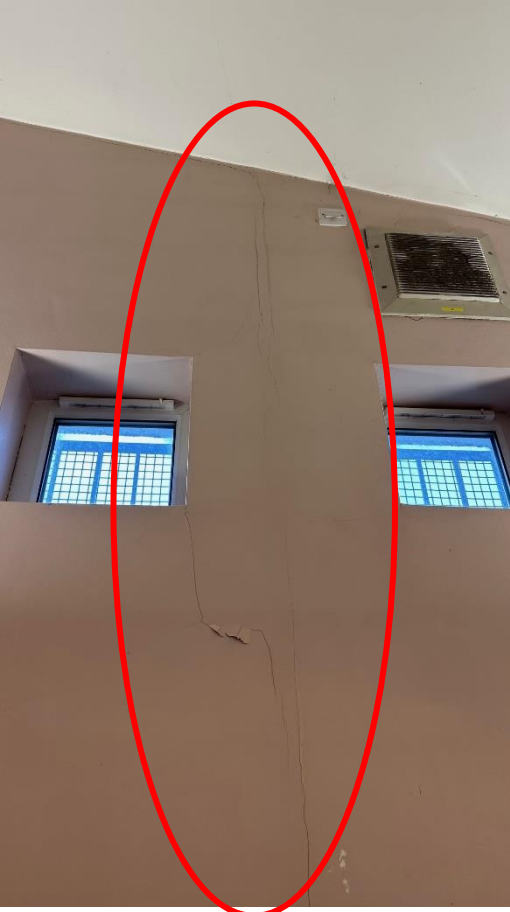
North Lanarkshire Council are committed to reduce its carbon emissions to Net Zero by 2030. The Community Asset Transfer of the Rochsoles building to Palm Church is a pathway to reducing carbon emissions. If community groups do not take over buildings, they may (only if the local council can afford it) be re-developed to be suitable for modern use (which can include demolition and re-building), sold commercially (which would generally involve demolition to make way for the new building by the new owner) or demolished by the council themselves.

Re-purposing of the building to Palm Church through the community asset transfer reduces the carbon output through continued use of the existing building, along with an energy optimisation review of the building to improve its EPC rating.

## Property Condition

Palm Church have carried out a condition survey to determine the building condition. Within the valuation, evidence of building movement is raised, though this is suggested to be historic in nature and does not require structural works. There are also signs of dampness within the walls, though again, these appear to be historic. The roof is overgrown entirely in moss and would require its removal.

There are some large cracks in the structural walls of the building as seen below, these would require further investigation to determine if this is due to settlement or subsidence. Palm Church would take on this risk.



Though the electrics appear in good condition, the lighting requires upgrading from the filament lights currently installed. No comment has been made on the heating system as this was not tested during the inspection. Palm Church would require the council to confirm that the heating system is in working order.

These items, along with refurbishment of some of the areas of the building identified within Palm Church's CAT application will be considered as part of the improvement works.

## Financial Projections

CAVEAT: these Financial Projections and their accompanying assumptions have been made on the basis that the building is fundamentally wind & water-tight and that no extensive structural work to bring the building back into use is needed. The condition base taken is that interior and exterior refurbishment takes place along with some limited non-structural internal remodelling to meet need and/or current legislation. The latter will cover items such as access.

It should be noted that the cost of the improvement works may rise or fall. They will, nevertheless, give a starting point for fundraising

It should further be noted that the condition of the building will help determine the amount needed to be spent on it. This is based on the information contained in surveys carried out by DM Hall.

### Assumptions to the Financials

1. The building will be taken in Year 1 of the financials and all grant applications will also take place in that year. It is acknowledged that this scenario may not be reflected in real life and that grant applications will take place in advance of the building being secured.
2. Repairs and Maintenance: in Year 1, costs from the accounts will be used as Palm Church will carry out the work required to the premises. In Year 2, these costs will be reduced as Palm Church will have moved into the refurbished building, so should not need to do much in the way of repairs and maintenance.
3. Power & Light: in the premises current state identified in the building survey, the basis on which power and light is designed will be grossly disadvantaged to Palm Church. This is estimated at £700 per month. It would be expected that following the refurb, with energy efficient lighting and systems, their power & light bills will drop. A sum of £500 per month has been allowed for power and light from Year 2 onwards.
4. Water Rates: water rates will be payable and a charitable exemption is not available to any charitable body who are running a café which is open to the public. Water charges are based on rateable value – it is assumed that a charge of around £100 per month will be levied. Please note that this is a pure assumption as it is challenging to get accurate figures for water costs from the main commercial water providers.
5. Rates: it is assumed that, as a charity, Palm Church will be exempt from rates.

### Improvement Works Costs

All costs in this section will occur in Year 1 only. With the exception of Bank Interest & Charges, the

indicative outline figures for each cost area are estimates from builders/engineers.

As with all building projects, competitive quotations will be sought for work and, indeed, may be needed for grant applications.

Contingency: 10% of all expenditure (both capital and non-capital) has been allowed as a contingency. Projects rarely go completely to plan and it is prudent to have a solid contingency fund for when adaptations need to be made. Funders may not fund contingency so sums to cover this area may need to be set aside by Palm Church.

## Capital Expenditure

Purchase, Renovation & Fit Out: £90,000 has been allowed for purchase of the building, subsequent renovation and fit out.

As noted earlier, there is a presumption in NLC to sell at fair market value for CATs. Our proposal would be to purchase the building for £40,000, and spend circa £50k on renovation and improvement.

It should be noted that Palm Church intend to utilise the Rochsoles building as soon as the purchase is complete. Being that the main hall requires little improvement, and the majority of the improvement works are in the 'old changing area' part of the building, the improvement works will be carried out whilst we own/operate the building, with the proper safety measures and risk assessments in place.

## Employment

It is also hoped that Palm Church can bring a form of employment to the local community, by applying for grant funding to attain a salary for an appropriate applicant as 'Centre Manager' to run the café/centre for drop ins, manage room lets for public activities etc. This is taken into account from Year 2 in the financials.

# Financial projections – Cash flow

Year 1

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
<b>Opening Bank Balance</b>													<b>75,000</b>
<b>Income</b>													
Voluntary Donations	1700	1700	1700	1700	1700	2000	2000	2000	2000	2000	2000	2000	22500
Grant funding	50000												50000
Room let				100	100	100	100	100	100	100	100	100	900
<b>Subtotal Income</b>													<b>148,400</b>
<b>Expenditure</b>													
Building Purchase	40,000												40,000
Renovation and fit out	16,666			16,666			16,666						50,000
Maintenance/Overhead													
Building Maintenance	70	70	70	70	70	70	70	70	70	70	70	70	840
Power and light	700	700	500	500	500	500	500	500	500	500	500	500	6400
Water charges	100	100	100	100	100	100	100	100	100	100	100	100	1200
Telephone / broadband	30	30	30	30	30	30	30	30	30	30	30	30	360
Website	20	20	20	20	20	20	20	20	20	20	20	20	240
Insurance	35	35	35	35	35	35	35	35	35	35	35	35	420
Stationary	20	20	20	20	20	20	20	20	20	20	20	20	240
IT Equipment	50	50	50	50	50	50	50	50	50	50	50	50	600
Accountancy Fee's	85	85	85	85	85	85	85	85	85	85	85	85	1020
Catering	50	50	50	50	50	50	50	50	50	50	50	50	600
Bank Charges	10	10	10	10	10	10	10	10	10	10	10	10	120
<b>Subtotal Expenditure</b>													<b>102,040</b>
<b>Closing balance statement</b>													<b>46,360</b>



Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
<b>Opening Bank Balance</b>													<b>46,360</b>
<b>Income</b>													
Voluntary Donations	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	26400
Grant funding	20000												20000
Room let	100	100	100	100	100	150	150	150	150	150	150	150	1550
<b>Subtotal Income</b>													<b>94,310</b>
<b>Expenditure</b>													
Capital Expenditure													
Employee salary	1667	1667	1667	1667	1667	1667	1667	1667	1667	1667	1667	1667	20004
Maintenance/Overhead													
Building Maintenance	70	70	70	70	70	70	70	70	70	70	70	70	840
Power and light	500	500	500	500	500	500	500	500	500	500	500	500	6000
Water charges	100	100	100	100	100	100	100	100	100	100	100	100	1200
Telephone / broadband	30	30	30	30	30	30	30	30	30	30	30	30	360
Website	20	20	20	20	20	20	20	20	20	20	20	20	240
Insurance	35	35	35	35	35	35	35	35	35	35	35	35	420
Stationary	20	20	20	20	20	20	20	20	20	20	20	20	240
IT Equipment	50	50	50	50	50	50	50	50	50	50	50	50	600
Accountancy Fee's	85	85	85	85	85	85	85	85	85	85	85	85	1020
Catering	50	50	50	50	50	50	50	50	50	50	50	50	600
Bank Charges	10	10	10	10	10	10	10	10	10	10	10	10	120
<b>Subtotal Expenditure</b>													<b>31644</b>
<b>Closing balance statement</b>													<b>62,666</b>

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total
<b>Opening Bank Balance</b>													<b>62,666</b>
<b>Income</b>													
Voluntary Donations	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	26400
Grant funding	20000												20000
Room let	150	150	150	150	150	150	150	150	150	150	150	150	1800
<b>Subtotal Income</b>													<b>110,866</b>
<b>Expenditure</b>													
Capital Expenditure													
Employee Salary	1667	1667	1667	1667	1667	1667	1667	1667	1667	1667	1667	1667	20004
Maintenance/Overhead													
Building Maintenance	70	70	70	70	70	70	70	70	70	70	70	70	840
Power and light	500	500	500	500	500	500	500	500	500	500	500	500	6000
Water charges	100	100	100	100	100	100	100	100	100	100	100	100	1200
Telephone / broadband	30	30	30	30	30	30	30	30	30	30	30	30	360
Website	20	20	20	20	20	20	20	20	20	20	20	20	240
Insurance	35	35	35	35	35	35	35	35	35	35	35	35	420
Stationary	20	20	20	20	20	20	20	20	20	20	20	20	240
IT Equipment	50	50	50	50	50	50	50	50	50	50	50	50	600
Accountancy Fee's	85	85	85	85	85	85	85	85	85	85	85	85	1020
Catering	50	50	50	50	50	50	50	50	50	50	50	50	600
Bank Charges	10	10	10	10	10	10	10	10	10	10	10	10	120
<b>Subtotal Expenditure</b>													<b>31644</b>
<b>Closing balance statement</b>													<b>79,222</b>