

## How to get the most from your Assets

Owning or running a community building can be a fantastic opportunity for an organisation as well as a potential liability. Despite the multitudes of groups looking for space to have an office or run their activities from, there are still many community buildings that are under occupied or under used.

This factsheet offers some tips on how to get the most from your community building. By striking the right balance your community building can be an invaluable tool in supporting the aims and objectives of your organisation.

So if you are hoping to increase the income generating potential of your space or reduce the amount it costs to run your building, here are a few things to take into consideration:



### Do you know what your fixed costs are?

In order to be able to accurately price your space it is important to know what the fixed costs for running the premises are. Fixed costs are incurred whether the building is being used or not. If you have a full repairing lease you will be responsible for costs such as the boiler and roof, and will need to put money aside for this. Fixed costs can also be termed 'overheads' and refer things that have to be done to make the building compliant or ensure good maintenance over time. Fixed costs can include:

- |                                    |                                      |
|------------------------------------|--------------------------------------|
| ✓ Rent                             | ✓ Internal window cleaning           |
| ✓ Business rates                   | ✓ Water standing charge              |
| ✓ Insurance                        | ✓ Gas standing charge                |
| ✓ Statutory testing                | ✓ Electricity standing charge        |
| ✓ Boiler                           | ✓ Grounds maintenance                |
| ✓ Fire alarm and detection systems | ✓ Refuse                             |
| ✓ Portable appliance testing       | ✓ Repairs and maintenance            |
| ✓ Licences                         | ✓ Capital improvements and equipment |
| ✓ Burglar alarm system contract    | ✓ Building fund                      |
| ✓ Cleaning                         | ✓ Governance costs                   |
| ✓ Cleaning materials               |                                      |

'Core costs' include fixed costs, but also some of the variable costs associated with a project. Fixed costs must be fairly allocated to an activity that is to take place in a building.

### Can your fixed costs be reduced?

One way to explore whether you can increase the income generating potential of your building is to consider whether there are any ways that you can drive down the fixed costs. Here are some ideas on how you can drive down fixed costs:

**Annual review:** It can be time consuming, but carrying out an annual review of your fixed costs to see if you are getting the best deal on utilities, insurance, audit and other contracts, can really help

to save money. You can look at the accounts of similar organisations to see how much they are paying for an accountant. There is some signposting at the end of this briefing that can support you in an annual review of operating costs.

**Bulk-buying:** Could you save money by buying key consumables in bulk? Stationary, IT equipment, and cleaning materials for instance can all be cheaper when bought in bulk. You could start a buying club with other local organisations to save money.

**Outsourcing:** For one off jobs, or regular small inputs, outsourcing the work can save money. For example a cook that is only needed once a week, security staff etc.

**Negotiating a deal:** Don't be afraid to ask about better offers and deals when you are looking at purchasing the fixed costs for your organisation! Some companies will give you a discount just for asking.

## Are you making the most of your useable floor space?

The net internal area (NIA) or useable floor space is the area of space that you can use within the internal walls of your building minus lobbies, corridors, plant gas and electrical services, machinery, columns, toilets, and showers.

Whatever the activity might be and whoever the user you might have, they should feel comfortable and welcome in your space. Take a look at the floor plans of your building. Is there any wasted space? Think creatively, how can you maximise the potential use of the space? Some ideas might be:

- Making the space more comfortable and adaptable with adjustable lighting.
- Defining space using different floor coverings
- Think about how efficiently your storage space is currently used
- Is there a wasted space in which you could put a desk for a desk space or hot-desking system?
- Can you reduce the amount of space your organisation uses in the building to provide more space to rent out?

If you are planning to make changes to your space, you may need to get permission from the Landlord. Also consider whether you will need planning permission, whether your proposals meet regulations, and whether the costs of the proposal compared to the income it will generate will be worthwhile.

## Can people find you?

Even if your building is tucked away in a residential backstreet, there are things you can do to make sure people take notice of your building when they walk past, or that potential hirers can easily find your space. Could you:

- Put some plants outside your entrance to show people there is something of interest there
- Do you have adequate signage on the front of the building?
- Once in the building, is the reception clear? Can visitors find their way around?
- If necessary you could speak to the Local Authority to put up some street signs to show the way to your building
- Could you put a sandwich board outside of the building to help visitors find you or to draw the attention of passers-by?

In addition to this, make sure there are clear directions to you building on your website and give visitors the information they would need to know: Is parking available? Is there disabled access?

## Have you got the right price?

If one aspect of maximising income from your building is about seeing how you can drive down fixed costs, the other side is about ensuring that you can generate a good amount of income from selling space. In order to do this you need to ensure that the pricing of your space covers costs, generates income and is competitive.

**Calculating running costs per day:** Once you have calculated the fixed costs for running your building you can work out the daily costs. The fixed costs will be incurred 365 days a year whether you are open or not, so divide the annual total of fixed costs for the building by 365 to calculate what the daily cost will be.

**Research competitors:** what are others in the area charging? Where is the competition? You will need to make a judgment on whether the competition is really *your* competition. For example if the space is targeted at a different group of people, for different use, or of a very different quality it might not be genuine competition to your organisation. But ultimately if the group is trying to hire out space in the same area as you then they are a competitor, and this could be a local café or private sector organisation as well as a voluntary sector group. Things to research might be:

- Who uses their space
- When is it open
- How easy is it to book
- Pricing
- What the building is like in terms of atmosphere
- Accessibility

Use the information gathered from your research to plan how to make your organisation more competitive.

**Price more for peak times?** If there are particular times of the week when you know demand is high for your space, you could price these points at a higher rate.

**Know your market:** Could you have stratified prices for different types of users? E.g. higher rates for private companies? Think about how you can market your space – where will the people who are likely to want to use your space be?

**Service delivery or space delivery?:** If the purpose of your group is to manage space for community use, then your pricing will be based on what is needed to cover your fixed and core costs. If your organisation runs space but also exists to deliver services then pricing of your space may also include a profit margin to generate a surplus that can support your activities. Be clear about how much income you need to generate from your space and what it could be used for.

## Resources

**Ethical Property Foundation** - <http://www.ethicalproperty.org.uk/>

The Ethical Property foundation exists to provide independent property advice to charities, community groups and other non-profits.

**Locality** - <http://locality.org.uk/>

Locality have information about neighbourhood planning and bidding for community assets

**Community Matters** - [www.communitymatters.org.uk/](http://www.communitymatters.org.uk/)

Champions voluntary and community action at a neighbourhood level. They have advice sheets and also services through which charities and community groups can save money on utility bills and insurance.

**Community LandUse** - <http://www.communitylanduse.org/>

Runs a consultancy service that provides property advice, research, property management and asset development.

**Charities Buying Group** - <http://www.charitiesbuyinggroup.com/>

A service for charities and non-profit organisations, offering a wide range of buying agreements that can help groups to reduce expenditure. The service is free and the group also offers a free review of organisation's operating costs.

**In Kind Direct** - <http://www.inkinddirect.org>

Re-distributes all kinds of products from companies to charities and non-profits.

**Locality Brokers** - <http://www.localitybrokers.org.uk/>

Offers free help from property professionals to help you refurbish, redevelop or reconfigure your building

**Prohelp** - <http://www.bitc.org.uk/programmes/prohelp>

Offers professional advice and access to corporate volunteers

## Support

If you would like any support with premises or any other issues facing your organisation, please contact the Development Team at Community Southwark: [development@communitysouthwark.org](mailto:development@communitysouthwark.org) or 020 7358 7020.

*With thanks to Lorraine Hart from Community Land Use for some of the information included in this briefing.*