



## **New building boosts income for rural CVS**

Voluntary Action Rutland's new offices, conference space, meeting rooms and IT suite are increasing their earned income and providing quality facilities that are accessible to local Third Sector Organisations (TSOs)

Voluntary Action Rutland (VAR) is a rural Council for Voluntary Services (CVS) that has for many years been renting out office space and hiring meeting rooms to supplement grant and project funding. Drawing together funding from various sources, including capital grants from Capacitybuilders, they have built a new building, the Gover Centre, on unused land adjacent to their main property. High quality conference and meeting rooms have attracted new clients, including a number of public and private sector organisations. However, lower charges for small organisations means they've avoided excluding grassroots members. The building has helped make VAR more financially sustainable without sacrificing its core mission of providing services to TSOs.

### *What Capacitybuilders funding was received?*

Voluntary Action Rutland received a £100,000 Changeup grant in 2005. A Capacitybuilders capital grant of £24,000 was awarded in early 2009 for small scale improvements to the Centre.

### *What was the money used for?*

The Changeup grant was used to pay for a proportion of the construction costs of the new building and the Capacitybuilders Capital Grant was spent on furnishing the Centre and new equipment for the conference room (including an OHP screen).

### *Why did the partners choose this option?*

The first driver behind the creation of the Gover Centre was a need for quality community facilities. The idea was to create a 'mixed facility' providing a day care centre for adults with learning disabilities, and meeting rooms. Though plans were altered slightly, the final building stuck broadly to this original idea.

VAR also wanted to increase its earned income and reduce dependence on grant and project funding. VAR receives grant funding from national bodies, including Capacitybuilders, and an annual local authority core grant. Conscious that grant and project funding were both potentially vulnerable to reductions in the future, VAR was keen to develop other, more sustainable sources of income.

The decision to focus on facilities rather than other sources of income was taken partly because office rent and meeting room hire were the main sources of 'earned income' for VAR prior to the creation of the new building. VAR staff were therefore experienced in marketing and managing meeting rooms. There was also a proven demand amongst local TSOs organisations in the county for affordable, quality community facilities; indeed VAR's two existing meeting rooms were already booked solidly for most of the year. Lastly, VAR was 'well placed' to draw in new clients. It is based in the Rutland county town of Oakham, which is the main site for a number of key public agencies and companies. Oakham is accessible by both road and rail for organisations from across the East Midlands.

VAR opted for a new build rather than trying to increase the use of existing buildings, because its existing building (a converted stable) was already in need of repairs and renovation, and the offices and meeting spaces were already at full capacity.

### *What was involved in establishing the new facilities?*

Discussions about the need for community facilities dated back to at least two years prior to the beginning of construction in 2006. The original aim was to have a significant proportion of the new building dedicated to day care facilities for children. However, plans to create a children's centre at a local school meant that this was no longer needed, so meeting and conference facilities were featured more strongly in the final design.

By September 2006, the site was cleared and plans for the building had been drawn up. Funding had already been secured for the construction from various funders, including the RDA and Changeup, but these didn't cover the full costs of the buildings (originally estimated at around £450,000). VAR had to 'match' this, which it did by combining a 25-year loan from the Charity Bank, with some funding from its reserves and voluntary contributions. Every parish in the county ran a 'buy a brick' appeal, which not only helped fund the Gover Centre but also helped make it a true community facility.

During the course of construction, the VAR Board of Trustees and Chief Executive rethought the sort of facilities they wanted. The original idea included two large conference rooms, but a review of demand for meeting rooms over the previous year prompted a change of design to accommodate a board room, three smaller offices and a kitchen. This choice has turned out to be a good one, as the Chief Executive of VAR put it "we're booked out as a result."

In the end, the building cost twice the original estimates. Unanticipated increases in the cost of steel, amongst other factors, drove up the cost from £450,000 to £900,000. This placed VAR under significant financial pressure and made additional capital funding VAR received for furnishing the building – including a Capacitybuilders Capital Grant – all the more important. This funding helped prevent VAR from taking out further loans or using even more of its reserves.

#### **Summary of facilities in Gover Centre**

- 3 Offices
- Conference Room: Seats up to 80 people, with Overhead Projector
- Board Room: Seats up to 30 people theater style
- Training Room: Seats up to 30 people theater style
- I.T. Suite
- Day centre for learning disabled

## How has the building worked in practice?

Before the meeting and conference rooms opened, VAR had to agree the hire prices. In its existing meeting rooms, VAR had charged private sector clients the highest rates, with public sector and large TSOs paying less, and small TSOs paying the least. In this 'three tier system', the top two tiers subsidised the bottom tier. The same pricing system was applied to the new building, but with even greater sensitivity. Small voluntary and community groups pay 2/5 of the price private companies pay for the smaller meeting rooms, and just 1/3 of the price they pay for the more expensive conference room. The 'subsidy' is therefore greatest for the most expensive rooms. This ensures that price doesn't prevent small groups from using the space.

The new conference room has dramatically expanded the range of events VAR can host and provided an asset for the wider community. It has been used for physical activities for the elderly, spring fairs, rehearsals of a local theatre company, as well as large training events run by VAR.

The three new offices have now been filled. The newest tenant is a private company, keen to establish stronger links with the local community.

The day care centre, let on a fixed contract, was quickly in active use. Complete with work desks, computers, kitchen, and lounge area, it is used on a daily basis by people with learning disabilities. The space is specifically designed to help them develop life skills in areas like cooking and IT. But the space isn't just functional, it is a personalised and comfortable space and opens out onto the garden in front. As the Chief Executive put it:

*"It's a really lovely space, there is a great view out through the French doors, and they can use the garden in front. I often meet them whilst crossing the lawn, it really is a shared space."*

The new building has been a clear success, but reaching this point has taken hard work. The new space required staff time to manage bookings and oversee repairs. For the first nine months the rooms were managed jointly by three members of staff (including the Chief

Executive) who struggled to continue doing their 'day job' alongside. A premises manager was hired in April 2009 to undertake the day-to-day management of the building, including being present for out of hours bookings and doing maintenance work. As a result, VAR has been able to increase out of hours bookings so that the building is now busy most evenings and Saturdays.

However, there are still areas VAR are looking to improve. Currently only around 10% of bookings are from the private sector, and VAR depends heavily on bookings from a handful of large public sector clients. VAR is therefore looking to expand and diversify its client base to new organisations and to include more companies. In the long-term this should help ensure bookings remain steady in years to come. Using short-term funding VAR has also hired a new community development officer whose role includes improving marketing of the venue and building links with potential clients. To get a grasp on the 'supply' side of the market, he recently undertook a competitor analysis of comparable venues in a 30 mile radius around VAR. This will help him ensure prices are competitive.

The IT suite is still underused, and VAR is already looking at increasing usage of the suite, particularly by local TSOs. It has significant potential, as many TSOs lack internet connections or any computer facilities at all.

## What are the benefits for the sustainability of support services and frontline third sector organisations?

As well as being a valuable resource for local TSOs, the centre has increased footfall in the building to the benefit of all local TSOs that use it. With more members of the public regularly visiting VAR, TSOs have a greater opportunity to recruit volunteers. The New Gover centre also encourages greater interaction between TSOs as it increases the number based on site or visiting on a regular basis to use the facilities. A project officer running Rutland Community Spirit, a small project that reaches out to vulnerable and isolated people, and is based in VAR's old offices, has found this very useful:

KEY RISK	RESPONSE
High prices exclude local TSOs from new facilities	Use three tier pricing structure (small TSOs, large TSOs/statutory, private)
Focus on venue distracts from core mission of supporting third sector	Hire manager to manage premises so that other staff can focus on 'day job'
Dependence on small number of large clients who could use other venues	Active marketing of facilities to private sector organisations
Competitor analysis of comparable venues	Draw on range of funding sources, use low-interest charity loan, raise funds through voluntary contributions

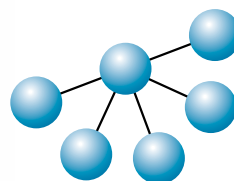
*"I work closely on site with Age Concern, Rutland Healthcare support, CLASP (which provides support to carers), VISTA (which provides services for blind and partially sighted people) and the Local Involvement Network."*

At present, VAR is using income from the Gover Centre to pay for final (unanticipated) changes to the building, to pay charges and cover the salaries of staff involved in managing the premises. The income is also being used to repay the loan and rebuild VAR's reserves. All of these short-term costs mean there is currently little left to re-invest in VAR's other activities.

However, VAR's financial projections suggest that within five years the Gover Centre will be providing 'free income' to support its support services and activities. The hope is that this income will not only ensure the core team of five staff is maintained for years to come, but that VAR will also be able to retain some of their project staff to create a larger number of core staff. The Chief Executive's long-term aspiration is for the organisations to be entirely self-sufficient, though additional earned income will probably be required to make this a reality.

### Key learning points

- New buildings can have unanticipated costs, so it is crucial to have contingency plans should the cost increase
- Having the type and size of facilities designed to reflect current demand in the area helps ensure steady bookings
- Conducting a short review of prices in comparable facilities can help inform competitive pricing for the space
- Having a 'tiered' pricing system can ensure small, local TSOs aren't excluded from using new facilities
- Human resources are required to take advantage of the new building, so new dedicated staff may well be required to run it
- Communal space help staff from TSOs interact informally to share knowledge and build relationships



SHARED INTELLIGENCE