

FEASIBILITY & BUSINESS PLANNING

Community Broadband Scotland

FEASIBILITY PLANNING

A feasibility plan is a condensed and simplified version of a business plan. Community Broadband Scotland (CBS) will support you to undertake a feasibility plan very early on when working towards community connectivity. It is an important stage because it will inform what shape your community broadband network will take.

A feasibility plan should ask the following questions:

- What group/groups exist within the community that could take forward a CBS project, or does a new one need to be formed?
- What resources are available within the community to help with your project e.g. are there willing volunteers, are there additional sources of income e.g. wind farms, are there good relationships with local landowners etc?
- Where will the main internet connection (known as backhaul) that will feed your whole network come from? (Your CBS adviser can help you determine this)
- How many customers will your network potentially serve? How much are they likely to pay for the service?
- In very basic terms, how much might it cost to build and maintain your network? (Your CBS adviser can help you with costing)

In very rare occasions, the feasibility plan could indicate that for any number of reasons, your project may not be financially viable. Knowing this early on will ensure that valuable volunteer time is not spent on developing an unsustainable project. CBS will support you to try to address the underlying reason that makes your project unviable and do everything we can to find an alternative solution.

In the majority of cases, a feasibility plan provides a useful foundation upon which to base a full business plan. It gives confidence that a financially sustainable broadband network is likely in your community. It gives a basis for engaging further with your community, recruiting more volunteers and undertaking some of the more detailed stages of your project.

BUSINESS PLANNING

INTRODUCTION

Developing a strong business plan is a crucial step in delivering a community broadband network. In this document you will find a list of points which together form the key components of any good business case. These points are designed to stimulate your thinking, asking you to consider amongst other things, how a community-owned broadband network fits in with your other community development aspirations.

The guidance below is based on our experience of supporting community enterprises and pilot CBS networks. It reflects on the lessons learned so that you can benefit from them. Feel free to use the below guidance as a checklist to make sure you have taken into consideration all of these points when drawing up your business plan. Whilst there is no rigid format you should follow, if you would find it helpful you can request a template business plan from your CBS adviser.

1. LEGAL STRUCTURE

- The group's legal entity status (e.g. Sole Trader; Partnership; Company Limited by Shares/Guarantee; Community Interest Company; a Trust; a BenCom etc.) including a company number if applicable
- Trading name if different to above
- A charity number if entity has charitable status
- The key members or directors involved as appropriate (consider a diagrammatic representation if that would be helpful)

Further advice on legal structures is available on request or on our website.

2. COMMUNITY AMBITIONS

- What larger opportunities are there for the community? (This will likely include a CBS-funded network but consider identifying other opportunities)
- What timescales are you working towards?
- What will be the impact on the Community? (Income; Population Retention; Demographics etc.)

3. MANAGEMENT/LEADERSHIP

- Who has experience in an organisation? How long for? (Consider experience in procurement, managing public funds, I.T, community engagement and working on volunteer boards)
- Is the management structure defined and understood? Is it fit for purpose? (I.e. is it clear who is making decisions and in particular, who is responsible for the management of the company's financial affairs?)
- Have you gathered demographic information on the leadership or board members i.e. age, gender, race, disability etc? (This is helpful for discussion on succession planning, board diversity and training requirements)
- Are the board clear about their duties and responsibilities as directors?
- Are they clear about their fiduciary powers, if any, to act on behalf of their community?
- Are they clear about their powers and responsibilities through their incorporation documents and company law?
- Are they clear about their personal liabilities in the event that company ceases to trade?
- Are they clear about their company reporting requirements? (e.g. to companies house, OSCR etc?)

4. STRATEGIC PLANNING

- To what extent does the group undertake strategic planning? (Is strategic planning taking place to deliver the CBS project or are the group's ambitions wider?)
- Consider the group's approach to volunteer recruitment and development strategies, income generating strategies? Is it a hand's on self-build group or a less-involved 'monitor a supplier' group?
- Consider continuous improvement - does the group's proposal meet the benchmark against other CBS projects (i.e. industry standards)
- Have the group properly considered the pros and cons of self-build vs. supplier management?
- If applicable, have the group considered the regulatory requirements around operating a broadband network, in particular acting as an ISP? Is this the correct strategy?
- Has the decommissioning of the CBS-funded project been considered? What is the strategic approach to this? (Consider the circumstances whereby the network would be decommissioned in whole or in part?)

5. MARKET

- How will the products be delivered? (Through a contracted supplier or direct sales through the community group etc.)
- What is the size of the market, structure and scale?
- Has the primary market been assessed by real world information (e.g. surveys, local knowledge, premises maps, community group meetings etc.)
- What are the products? Who are the customers for these products?
- How will the group align their products (e.g. bandwidth and download limits) with different price points?
- What markets do the products serve? (e.g. who are the potential business, residential, public sector customers?)
- How easy will it be to attract people to the community broadband network? Are they tied into a satellite or other broadband contract?
- What is the position of new products services to the existing market? Do they have a unique selling point? (e.g. how is the community broadband better than satellite?)
- What are the trends within the sector? (e.g. with competitors or regulators)? Consider the overall trend in pricing for the provision of broadband?
- Has all of the above been backed up with evidenced primary market research?

6. SALES & MARKETING

You should **consider**:

- What is the approach to this, either by a supplier or community groups directly?
- If there is a budget allocated either by the supplier or by the community group directly?
- If they have an experience of sales or marketing already?

7. CURRENT & FUTURE ASSET BASE

- Consider the adequacy of any property or equipment currently owned by the community and assess the capacity for its use by a CBS-funded project
- Consider the requirement for additional infrastructure or assets needed to underpin a community broadband network and how this will affect the overall community aspirations
- Consider what the acquisition of more assets will mean to the community – Would the most appropriate strategy be for the community to own new mast structures or mast share with an existing mobile provider?

8. STAFFING, VOLUNTEER DEVELOPMENT/LEARNING

- Detail the staff numbers, wage/salary, living wage achieved, workforce demographics (age, gender, balance across job roles, earnings and determine whether the staffing level is appropriate
- Is a workforce or Volunteer Development/Training plan in place? How old is it and how much has been achieved?
- Can the capital phase realistically be achieved by volunteer input, or does it require a staffing resource?
- What, if any, financial commitment is given to this aspect?
- What is the staff or volunteer turnover and is this within the norm?
- Is there scope to address skills shortages/imbbalances in the group's profile from recruiting or developing under-represented groups? (age, gender etc.)
- Can the ongoing operation of the network be realistically managed by volunteers alone, or does it require a paid resource? If so, has this been factored into the financial forecasts?

9. RELATIONSHIPS

- Consider how the group interacts with others e.g. The Community Council and other local groups; Potential Suppliers; Public Sector partners (Local Authorities, Enterprise Agencies etc); Local 'Movers and Shakers' (landowners whose land or assets could be used a part of a CBS-funded project)
- How are partnerships/networks developed and maintained?
- How is community engagement done and what the costs involved are/how much?
- How has community support for a CBS project been established? Has a ballot been considered?

10. FINANCIAL REVIEW & ANALYSIS

- Are sufficiently robust financial controls in place?
- Have forecasts been produced for several years and if so, are they realistic?
- Have Cash Flows, Profit and Loss and Management accounts been produced or planned to be produced?
- Have annual fees been taken into account? (e.g. legal fees, audit, accountancy, insurance payments, irrecoverable debt, all taxes but in particular VAT and business rates, leases of way leases charges, depreciation of assets, backhaul)
- Are the running costs realistic? (Have the group taken into account administration, customer uptake etc.)
- Has the repair, maintenance and upgrading of the network been factored into the financial forecasts and are the figures realistic?
- What, if any, working capital requirement does the group have, both during the build and afterwards for operation?
- Has loan finance been considered to cover working capital e.g. Social Investment Scotland? Is this loan finance affordable?
- If the group intends to manage the network themselves, have they factored in all of the costs and the income associated with this?
- If the group intends to work with a supplier to manage and operate their network, how and when does income flow to the community?
- Are there any other areas that require financial forecasting to be detailed?
- Has all of the above been stress-tested with a clear break-even minimum point identified? Is this realistic?