

SUMMARY OF THE REALITY CHECK ON THE DRAYTON 2020 PAVILION PROJECT

The Drayton 2020 sub committee admitted at a recent meeting that the business planning aspect of the project has been back to front, in that the building design, layout and planning permissions have all been completed (perhaps) before any real thought had been given to a vision and a viable business plan or more importantly, manageable financials.

I (Colin West) had been persuaded to prepare a business plan for the facility. The 'supporting words' were easy, but, on commencing some in depth financial analysis it became clear that some imagination may be required to come to a model that has an **acceptable** annual cost to the parish.

This resulted in the need for a reality check with cooperation between Colin Arnold, Richard Wade and myself, drawing on research from David Perrow, various site visits, web research and other inputs such as the Costa Coffee management team, a local building firm and consultation with a local football club official.

It is clear that there are multiple permutations of various financial models, all of which involve elements of risk, costs, revenues and an assessment of what the future may hold for the pavilion and the village. It is also clear that for the purposes of the reality check financial models to the 'N'th degree will be over complex, so for the elected Parish Council members to whom this is addressed, three business models will be offered:

A **simple** model, an **intermediate** model and a more **commercial** a model with 'proper' café and bar are offered; each of these will have financials for a £500,000 and a £300,000 loan to the Parish, much the same as projecting our home finances and the mortgage payments.

All of these models are set in the future and assume that any S106 funds will have been exhausted, for example the £90+ thousand for pitch maintenance could be used to offset contractors costs, or to purchase equipment for a village grounds man to use. As I said, there are multiple permutations.

It is also clear that if the facility is to succeed it will need to be actively and well managed, and have to be a 'go to' place, perhaps taking the place of a community building / café that I believe was envisioned to be on the Manor Farm site. This is partly covered in the more adventurous model.

We'll move on to some outline considerations *before* we look at the 3 financial models:

Cost to the parish?

What is the acceptable **annual** cost to the parish (irrespective of how it is divided up)?

- Up to.... £10,000, £20,000, £30,000, £40,000, £50,000 ? Bear in mind the deliberations and discussions that occur when relatively small grants are requested for the present football club and other village causes.

Should the elected council perform a 'must/need/want' to have analysis?:

Item	must	need	want
Building dedicated to sports, would likely require proper bar/café for teams and players and spectators			
Future proof – option to have community bar / café operating on full time basis			
Sufficient space for 4 table tennis tables			
Sufficient space for short mat bowls			
A business meeting venue			
An office space			
A permanent revenue generating space for an anchor tenant such as a chiropractor etc.			
A wedding venue (bar and café should be separate from the dance floor)			
A party venue			

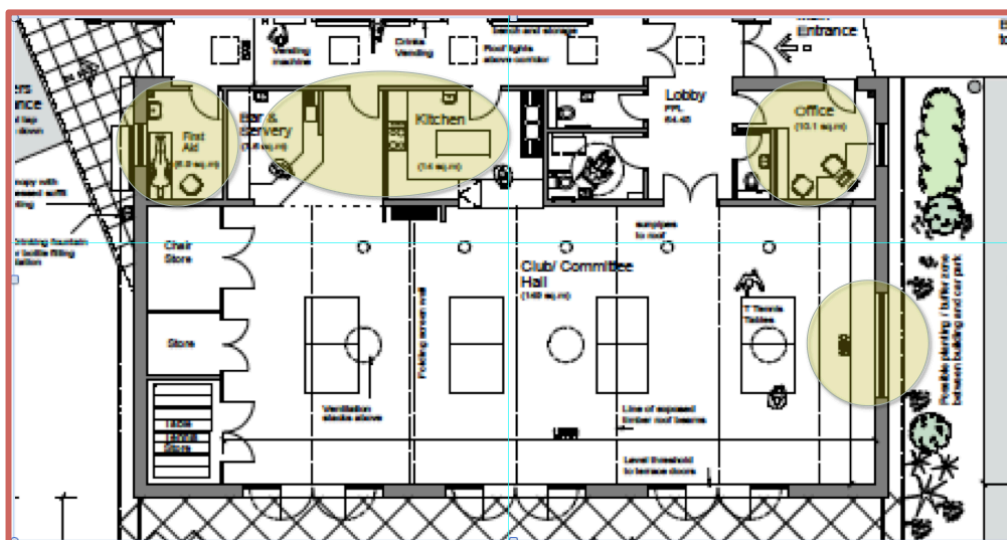
Office?

If the parish requires an office / records storage – could this be rented from the Village Hall or could the current football club changing rooms be utilised

Space usage and building design or layout?

To avoid building footprint changes and planning amendments we should at the very least look at better use of the space for office, bar, café, storage, depending on the Must, Need Want analysis.

The current layout seems to be a compromise between a traditional village hall, a sports area, and community area, with a tiny kitchen, poorly designed small office, separate bar area, and a window looking to the car park, not to the sports fields and MUGA. With the current layout it is tight for space – if we have a booking for an activity in the hall area then the use of the bar, café or meeting area is compromised. If the must/need want analysis is performed the building footprint and layout should be re considered.



Note:

There are S106 funds for maintenance of approx. £90k - the model figures would reduce by the amount of the maintenance until these funds were exhausted

Recommendations:

1. The Parish Council set a limit to the annual support for the pavilion/CIO (post S106 funds expenditure and post 'transition to proper usage')
2. The Parish council consider the best business model and direct the Drayton 2020 sub committee to amend their plans accordingly
3. The Drayton 2020 sub committee present their viable business plan and financial models to the PC finance committee

Drayton sports pavilion reality check (option 1)

Simple annual financial model Fiscal Year 20xx

With **£500k** PWB loan

Costs			Income	
PWBL loan repayment £500k	£29,500		Hall hire	£12,000
Building utility / cleaning etc	£15,000		MUGA hire	£2,000
Office, marketing costs	£5,000		Pitch hire - football	£5,000
Admin – using clerk / d.clerk	£5,000		Pitch hire - cricket	£2,000
Ground maintenance contract	£7,000		Office hires	£3,000
	£61,500	Annual cost to parish £37,500		£24,000

With **£300k** PWB loan

Costs			Income	
PWBL loan repayment £300k	£17,700		Hall hire	£12,000
Building utility / cleaning etc	£15,000		MUGA hire	£2,000
Office, marketing costs	£5,000		Pitch hire - football	£5,000
Admin – using clerk / d.clerk	£5,000		Pitch hire - cricket	£2,000
Ground maintenance contract	£7,000		Office hires	£3,000
	£49,700	Annual cost to parish £25,700		£24,000

- No *significant* income from a bar or café
- No purchase of ground maintenance machinery with available funds
- Ground maintenance outsourced
- Admin performed by using clerk or deputy clerk and volunteers
- Assuming active football and cricket, and buoyant hall hires
- Building unsuitable for full time café / bar and concurrent ‘hall activities’
- Building interior requires layout re-think

Drayton sports pavilion reality check (option 2)

Intermediate annual financial model Fiscal Year 20xx

With **£500k** PWB loan

Costs			Income	
PWBL loan repayment £500k	£29,500		Hall hire	£12,000
Building utility / cleaning etc	£15,000		MUGA hire	£2,000
Office, marketing costs	£5,000		Pitch hire - football	£5,000
Admin – using clerk / d.clerk	£5,000		Pitch hire - cricket	£2,000
Ground maintenance managed	£14,560		Office hires	£3,000
	£69,060	Annual cost to parish £45,060		£24,000

With **£300k** PWB loan

Costs			Income	
PWBL loan repayment £300k	£17,700		Hall hire	£12,000
Building utility / cleaning etc	£15,000		MUGA hire	£2,000
Office, marketing costs	£5,000		Pitch hire - football	£5,000
Admin – using clerk / d.clerk	£5,000		Pitch hire - cricket	£2,000
Ground maintenance managed	£14,560		Office hires	£3,000
	£49,700	Annual cost to parish £33,260		£24,000

- No *significant* income from a bar or café
- Ground maintenance machinery purchased and all village spaces managed by part time groundsman, incudes savings from grass cutting and other similar ongoing grants (**£10,990**) and includes costs such as depreciation, fuel, sand, servicing (**£8,300**)
- Admin performed by using clerk or deputy clerk and volunteers
- Assuming active football and cricket, and buoyant hall hires
- Building unsuitable for full time café / bar and concurrent ‘hall activities’
- Building interior requires layout re-think

Drayton sports pavilion reality check (option 3)

With **Café & Bar** annual financial model Fiscal Year 20xx

With **£500k** PWB loan

Costs			Income	
PWBL loan repayment £500k	£29,500		Hall hire	£12,000
Building utility / cleaning etc	£15,000		MUGA hire	£2,000
Office, marketing costs	£5,000		Pitch hire - football	£5,000
Admin – using clerk / d.clerk	£		Pitch hire - cricket	£2,000
Ground maintenance managed	£14,560		Office hires	£3,000
			Bar & Café profits gifted	£27,445
	£64,060	Annual cost to parish £12,615		£51,445

With **£300k** PWB loan

Costs			Income	
PWBL loan repayment £300k	£17,700		Hall hire	£12,000
Building utility / cleaning etc	£15,000		MUGA hire	£2,000
Office, marketing costs	£5,000		Pitch hire - football	£5,000
Admin – using clerk / d.clerk	£		Pitch hire - cricket	£2,000
Ground maintenance managed	£14,560		Office hires	£3,000
			Bar & Café profits gifted	£27,445
	£49,700	Annual cost to parish £815		£51,445

- Bar & Café running as a trading company(s)* with Manager and assistant Manager gifting net profit to Parish/charity. Estimates of daily revenues below.
- Café margins confirmed by Costa 'proud to serve'
- Admin performed by Trading company Manager / deputy Manager
- Ground maintenance machinery purchased and all village spaces managed by part time groundsman, includes savings from grass cutting and other similar ongoing grants (**£10,990**) and includes costs such as depreciation, fuel, sand, servicing (**£8,300**)
- Assuming active football and cricket, and buoyant hall hires
- Building interior would require re-design and possibly more space for dedicated future proof café/bar area.

* To avoid VAT registration bar & café could be separated

Bar takings		£ per day'
	Friday night	300
	Saturday	400
	Sunday	
	Weekdays	50
	Weddings / parties	2000
Café takings		£ per day'
	Weekdays	100
	Saturday	150
	Sunday	150