

# **The Guildhall Abingdon-on-Thames**

## **Post-Refurbishment Business Planning Report**

Published by the Guildhall Development Working Group

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## 2. Executive Summary

This Report explains the business modelling that has been completed in order to project the future income and costs following the refurbishment of Abingdon-on-Thames Guildhall in 2016-17. It takes account of the Town Council's intention to deliver previously run services to a higher standard and more efficiently than in the past and of the intention to offer new services based around the community café area in the entrance foyer of the modern building. It outlines the predicted outcomes and the assumptions upon which the modelling was based.

This should not be considered to be the last word on the Guildhall Business Plan in the post-refurbishment period as there is considerable time still to elapse before this period arrives and therefore new information may become available which could alter some of the assumptions; this might include changes to government policy affecting business rates or other costs outside our control, or it may include new information relating to the working of the building which could affect staffing or room hire assumptions. It is intended that this model should be kept under review and certainly given a fresh iteration in the lead up to the re-opening of the building. (The spreadsheet functionality of the model allows for new information to be quickly input so that the outcomes can be reviewed on a regular basis.)

As the model currently stands, the projected income for the first full year of operations is approximately £216 000, and this includes the partial return of former incomes such as room hire and function bars, the continued rental income from property leases, and the addition of an income from the café and from events commissioned under the management of the Guildhall. The total rises over the five years to just over £366 000.

In year one the cost of sales and cost of staffing will outstrip this income even before the further costs of overhead are added. This is because a minimum level of staffing has to be contemplated even when business levels do not justify it; the building has several entrances and the council prefers to avoid lone working situations for its employees. Once a certain threshold of business is achieved in year two, bearing in mind that staff costs do not need to rise by a concomitant amount, the figures improve. In this area the model clearly shows that the key issue the council faces is that a half-hearted approach to using the building is potentially more costly than a full-on drive for a vibrant, busy, multi-use community asset, where success can deliver economies of scale and efficiencies in staff operations.

Operational overheads are estimated at £131 565 rising to £138 801 across the five year period of the Plan. The result on the bottom line is that the subsidy required from the Town Council in order to run the Guildhall starts lower than in previous years at £154 837 in year one. This reduces steadily to reach £71 489 in year five.

This reduction in subsidy is largely achieved through an increase in income and this is driven by the addition of new forms of income particularly the café/bar as a permanent feature of the building as opposed to the occasional function bar model that has been previously used. It is essential for this model that the café area is developed to a high standard with good connectivity to the rest of the building, with a distinctive presence on the outside of the building in Abbey Close and with a serious approach to the menu offering which should be mid-range in style but high quality in delivery.

### 3. Background

In 2011, the ownership of the Guildhall, Abingdon-on-Thames, was passed to the Town Council from the District Council. In the period since the transfer the Town Council have undertaken a refurbishment of the historic rooms, restoring them to a good condition and providing good toilet facilities on the top floor.

Since their re-opening these rooms have been available to the public for hire along with the non-historic part of the building. As well as hiring, some events organised by the management have been staged, although the condition of the building put limitations on the types of event, and most of them were discontinued. The building has also become the venue for the Town Council enquiries desk and the Visitor & Community Information Centre.

Abingdon-on-Thames Town Council has committed to closure, prior to refurbishment of the modern part of the Guildhall. A previous design which included the building of a separate block on the back of the building to accommodate a cinema has now been replaced with a project plan which concentrates on extensive works to the existing building, with the intention of providing up to date facilities, better disabled access, and a reconfiguration of the main Abbey Hall and existing foyer. There is the opportunity to include a café/bar area as part of the new ground level foyer area, with an outside seating area on the Abbey Close side of the building.

Before taking the plans into further detail, it was felt that there should be a documented summary of the new collective vision for the usage of the building and a thorough review of how these activities will operate and affect the Town Council financially. The original set of objectives for the refurbishment were:

- to attract more footfall to the Town Centre
- to better utilise the historic rooms and gain more public awareness of them
- to provide a social and cultural hub for the town
- to reduce the level of subsidy which the building requires from the Town Council

These remain the strategic principles behind the new project and the objectives against which the following Business Plan should be judged.

## 4. The Multi-Use Vision

This section of the Report attempts to summarise the collective Members' vision of what the post-refurbishment Guildhall will mean to those who live, work and play in Abingdon-on-Thames. It is an essential precursor to the financial detail of this Business Plan as it identifies the services that will be delivered in the building, so that income streams can be defined, staffing levels predicted and other costs estimated. It will also inform a separate project development plan so that appropriate equipment can be installed as part of the capital investment to allow the building to be successful and competitive in delivering the services that have been envisaged.

**The Guildhall will become a civic, cultural and social hub for the town, a true mixed-use venue that combines five strands of interrelated activity:**

**4a. “The Civic Guildhall: a grand, spacious, formal building able to deliver important functions well and outclassing most other local venues for historic setting and capacity.”**

*Examples of “The Civic Guildhall” in action would be:*

- *civic events such as Mayor Making, and Mayoral Charity events such as the Annual Dinner & Dance, organised by ATC*
- *formal functions organised by cultural, social and interest groups in the town, such as Annual AGMs, Christmas dinners, Dining Societies and by other public sector bodies such as the VOWHDC*
- *formal functions organised by private individuals or companies, such as weddings, anniversary dinners, wakes, Christmas dinners, award nights*

**4b. “Our Community Guildhall: a venue where clubs, interest groups and teachers of sport, dance, arts, crafts and music can hire spaces affordably for regular meetings, classes, talks, exhibitions, and outreach events.”**

*Examples of “Our Community Guildhall” in action would be:*

- *regular repeat hiring arrangements with clubs and societies*
- *subsidised hiring arrangements for key town events as part of the ATC grant programme*
- *management can commission or invite partners to create new regular events particularly where local services have been subject to reductions (eg: work with Age UK to provide new social teatime or lunch events) – ie proactively providing social capital as well as facilitating others to provide it. It is possible that some of these events could be part-funded from external grants.*

**4c. “Corporate Guildhall: a venue where businesses choose to hold corporate events, networking opportunities, award ceremonies, recruitment and training days.”**

*Examples of “Corporate Guildhall” in action would be:*

- *regular repeat hires for networking events, training, interviews*
- *recruitment, apprenticeship and business fairs*

**4d. “Good Times at the Guildhall: a place where interesting and good quality entertainment and cultural events are always going on.”**

*Examples of “Good Times at the Guildhall” in action would be:*

- *regular mainstream cinema screenings in main hall*
- *art-house/classic cinema screenings with talks or themed exhibitions on special dates*
- *live relay screenings related to special events*
- *cabaret nights/variety shows*
- *monthly classical / folk / indie / jazz / tribute/ pop /rock concerts – regular nights to build up a following*
- *play or performance events from visiting companies or local groups/schools*
- *Vintage Fair, Art and Crafts Fairs, Antiques Fairs*

**4e. “My Drop-In Guildhall: vibrant shared spaces such as foyer, café and open exhibition areas to increase networking and social capital, a place to meet for coffee or lunch, the place to come for visitor information, the place to find out what’s on in town, the place to buy tickets for town events, the place to transact public-facing ATC business.”**

*Examples of “My Drop-In Guildhall” in action would be:*

- *regular exhibitions, organised in conjunction with the Museum, in shared open spaces or put on by local groups and curated by management to assure quality*
- *Visitor & Community Information Centre and Town Council enquiries point*
- *Ticket and permits sales office*
- *High quality café with views onto Abbey Close*
- *Potential to provide other information-based services in return for grant payment*

## 5. What is needed to deliver the vision?

The essential components to deliver all the facets of the vision include the planned changes to the building, the main elements of the capital project, the lesser capital items and matters of policy. Examples include; type of staffing required to deliver the planned service well, the equipment that will be needed in-house, the IT facilities and software that will underpin the service, and other essential elements that will need to be planned if the vision is to be delivered well. Delivering the services well is the only viable option; delivering any of the envisioned services without excellence will have a direct impact on the income streams; most of the envisioned services are discretionary leisure or social activities and consumers can opt out or try competitive offers elsewhere if they do not get a high-quality offer at the Guildhall.

This Business Plan covers the day to day operations following the set-up of the building and does not include consideration of capital costs. The table below lists those items that are necessary to delivering the multi-use vision, and clarifies whether this Business Plan has covered the cost of each item within day to day costs or whether they need to be included in the capital project costs.

Activity Strand	Essential components to deliver the vision	
	Development Plan items (capital)	Business Plan items
A. To achieve <b>The Civic Guildhall</b> vision	<ul style="list-style-type: none"> <li>• good catering kitchen and equipment</li> <li>• ability to utilise separate entrances to keep civic guests separate from other activities</li> <li>• high quality bar equipment</li> <li>• storage space</li> <li>• high quality tables, chairs and table settings</li> <li>• thorough booking process and function management systems, which integrate with ATC finance systems</li> </ul>	<ul style="list-style-type: none"> <li>• high quality catering and serving staff available on call</li> <li>• good quality bar staff available for functions</li> <li>• regularly replaced tableware</li> <li>• maintenance programme to keep venue in good condition</li> <li>• staff with event-organising ability and professional polish in selling the venue to all customers</li> </ul>
B. To achieve <b>Our Community Guildhall</b> vision	<ul style="list-style-type: none"> <li>• modern presentation equipment (sound and visuals)</li> <li>• modern exhibition equipment</li> </ul>	<ul style="list-style-type: none"> <li>• good support service in marketing events</li> <li>• smooth and user-friendly booking process</li> <li>• efficient hiring arrangements for regular hirers</li> </ul>
C. To achieve <b>Corporate Guildhall</b> vision	<ul style="list-style-type: none"> <li>• modern presentation equipment (sound and visuals)</li> <li>• parking</li> </ul>	<ul style="list-style-type: none"> <li>• smooth and user-friendly booking process</li> <li>• efficient hiring arrangements for regular hirers</li> <li>• staff with event organising ability and</li> </ul>

		professional polish in selling the venue to corporate customers
D. To achieve <b>Good Times at the Guildhall</b> vision	<ul style="list-style-type: none"> <li>• cinema projection capability in main hall</li> <li>• performance facilities upgraded to meet standards of visiting professional musicians and performers</li> <li>• sound level problems outside building must be addressed</li> <li>• ticketing software</li> </ul>	<ul style="list-style-type: none"> <li>• staff trained to use cinema projection equipment</li> <li>• film licencing budget</li> <li>• significant marketing budgets</li> <li>• capable and quick bar/café staff</li> <li>• regular event profitability monitoring</li> </ul>
E. To achieve <b>My Drop-In Guildhall</b> vision	<ul style="list-style-type: none"> <li>• foyer space includes exhibition space</li> <li>• well-equipped information desk area with computer access, printer, till and money safe</li> <li>• CCTV</li> <li>• well-designed open café area equipped with barrista coffee machine, microwave, serving chiller and small commercial dishwasher</li> <li>• ticketing/booking software</li> </ul>	<ul style="list-style-type: none"> <li>• good all-round, versatile, knowledgeable and welcoming staff cover in foyer and café across two shifts</li> <li>• management capable with a varied workforce, complex rotas and workload</li> </ul>

## 6. Income Projections

Referring back to our previous definitions of the income streams included in this business model, the incomes will be produced in the following ways:

### 6.1 Income types from *The Civic Guildhall*

- i. Dining Societies who hire the room(s) and also buy in bar stock on invoice to accompany their meal.
- ii. Town Council and Mayoral events where room hire is recharged to the civic budgets (whilst it can be argued that this is still Town Council money, these have been included in the assumed business of the post refurbishment Guildhall because the financial projections need to be consistent with previous accounting treatment for the Guildhall so comparison can be made).
- iii. Weddings, anniversary parties, wakes, and all other forms of private parties and functions which usually involve a room hire and a function bar.

All of the above have been classed as "functions" for the purposes of analysis of previous accounts history and for the purposes of projecting future average income from both room hires and function bars.

### 6.2 Income types from *Our Community Guildhall*

- i. Fitness and sport club providers hiring rooms for yoga, pilates, general fitness lessons etc
- ii. Cultural clubs hiring rooms to put on talks for their members
- iii. All clubs hiring rooms for important meetings such as AGMs
- iv. Fund raising concerts, dances and events which include a room hire and a function bar

The first three above have been classed under "smaller" hires for the purposes of analysis of previous accounts history and the fourth type of use is included in "functions"

### 6.3 Incomes types from *Corporate Guildhall*

Previously there has been relatively little business use of the Guildhall and therefore insufficient previous data to use to produce an average income per event. It is assumed that most business uses will either follow the pattern of a function (AGM Dinners, awards ceremonies, networking events) or will be simple room hires for training, conducting interviews or meetings. Therefore these hires are included as either "smaller" hires or "functions". Although the income stream is not separated out, there is every intention of working with business groups, the Business Improvement District board and private networking clubs to encourage more business use of the Guildhall in the period after the refurbishment.

### 6.4 Average Hire Values

The Business Plan uses an average hire value for functions and an average hire value for smaller or regular hires and both of these are taken from existing accounts data. Using real data means that we can be sure that we are not assuming unrealistic pricing as we know that our rooms have previously been hired out at these prices, indeed at a time when the building was perhaps less comfortable and

efficient than it will be in the post-refurbishment period. For this reason also, only a cursory review of the competitive landscape in the room hire/weddings market has been undertaken because this was completed in detail previously when the current room hire charges were set. It also means that the Business Plan automatically includes the assumption that discounts for regular users and community groups will be continued.

The function average hire value is taken from a dataset that includes all events classed as functions in 2014, except Ceroc monthly dances as these were an adjunct to the Tuesday dance lessons. The range of functions includes dining societies with hire value ranges of £100-£200, to weddings which run into thousands. 2014 is felt to be a prudent basis for planning as the number of weddings was already in decline compared to previous years due to the known closure plans for the building and in 2014 there was only one event which went into four figures. Therefore the average hire value used for functions is just £272.06.

The "smaller" average hire value, for uses as described under "Our Community Guildhall" (i, ii and iii) was taken from a dataset of 10 regular hirers' financial information and therefore includes their regular hirers' discount so is again a prudent figure as many one-off hirers will not benefit from this. The average hire value for this type of hire emerges from the data analysis as £67.89 per event. Charges for use of projectors and equipment have been included in the hire value.

#### Income Average per room hire

2014 information	room hire	ave	auxil items	ave	full hire cost	ave
civic functions	13,249.95	189.29	3,349.89	47.86	16,599.84	237.14
community functions	5,501.20	458.43	208.00	17.33	5,709.20	475.77
all functions	18,751.15	228.67	3,557.89	43.39	22,309.04	272.06
regular hires					12,831.76	67.89

*cell information through from functionhistory sheet*

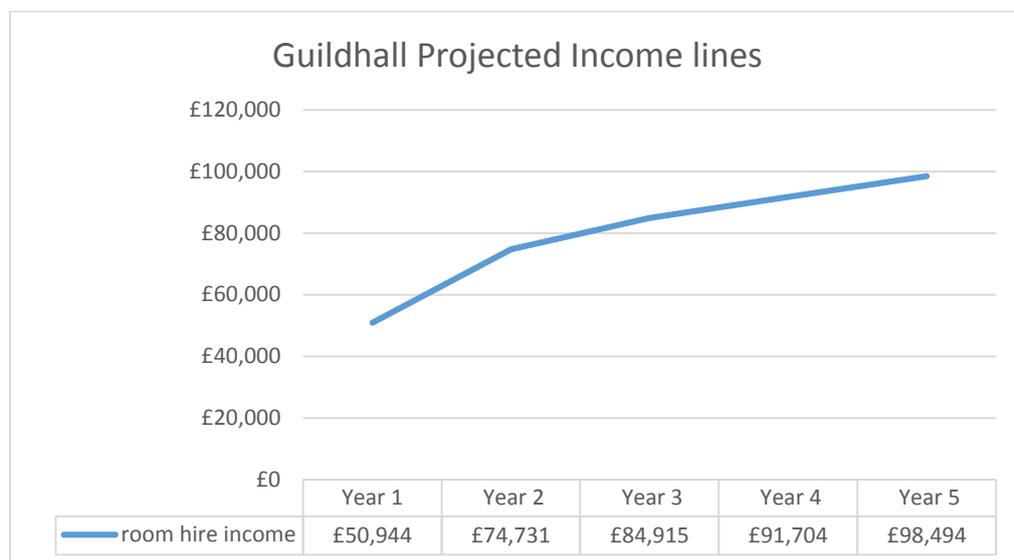
It should be noted that the same hire values have been used across the five years; no room hire price increases have been factored in as it is not certain that this will be possible without detriment to volume.

### 6.5 Hire Volume Predictions and Hire Income

The volume of function hires assumed for the first year is 50 which is 61% of the number of functions in 2014 (56% when including Ceroc Saturday Dances in the data). It is accepted that not all former regular hirers will return but equally there is expected to be some enthusiasm to try the new building. The Guildhall Working Group will be arranging a series of meetings with previous users to keep them informed of progress, and explain the high-quality of the facility that we will be providing. It is accepted that the rate of hires will build up over the year and that there will be very few weddings at first as these require advance booking.

It has been assumed that in the first year the smaller type of hire will take place 9 times a week during the day and twice a week during evenings, and a 50 week year has been used as it is felt that around Christmas and Easter regular hirers will take a break. If 5 rooms present 14 half-day opportunities for daytime hire in a week (ie: 70 opportunities in total) then this represents only 13% utilisation for daytime as the assumption for year one. The predicted volume of small hires increases across the five years with a total of 14 daytime and 7 evening in year 5, which is still only assuming 20% daytime utilisation by small hires. It is hoped that the building will gain more use than this in the long term but with previous regular customers sent away to other venues, the working group chose a cautious approach in the prediction of small and regular hires agreeing that it could even take more than 5 years to get up to 30-40% utilisation.

From the average hire values and predicted volumes an income prediction has emerged which demonstrates that the ambition to recover to former levels of room hire income will not be achieved until year 4 and only gentle growth expected thereafter.



### 6.6 Income from *Good Times at the Guildhall* (GTGH)

This income stream is completely different. It encompasses events which will be commissioned and run by Guildhall management, and the cost of putting on and marketing the event will be borne by the council, with income derived from selling tickets direct to the consumer. Events could include:

- i. Cinema screenings
- ii. Simultaneous "live" broadcasts of opera, comedy, state occasions
- iii. Variety Shows
- iv. Live bands
- v. Classical/folk/jazz concerts

Previous attempts to get this type of event going at the Guildhall met with problems due to the leakage of sound from the building and Comedy Club was therefore the only example of an event of this type which operated continuously in the previous era of the Guildhall. There is potential to make

profit on some of these events but there is also risk, and accounts history shows that Comedy Club nights were not profitable when all costs were factored in. It will be important to manage these events carefully and for management to produce and review the financial data at regular intervals and be prepared to axe unsuccessful programmes and start new initiatives until a successful formula is found.

From time to time the council may take a view that a certain cultural event is worth running at a loss because of the social capital it brings to the community but this should be a conscious decision rather than an unintentional subsidy via the Guildhall budget, and in this case perhaps different budgets such as the community grants budget should be used. There is precedent for this in the way ATOM and Carnegie Trust have received funding to cover their room hire costs from the grants budget.

Irrespective of other considerations, there is great marketing value in the footfall which these events can generate into the building, helping the café to thrive, ensuring local people discover the Guildhall and realise that they can hire rooms there, and allowing the Guildhall to fulfil the vision that many people hold of it being a social hub in the centre of town for cultural and entertainment activities.

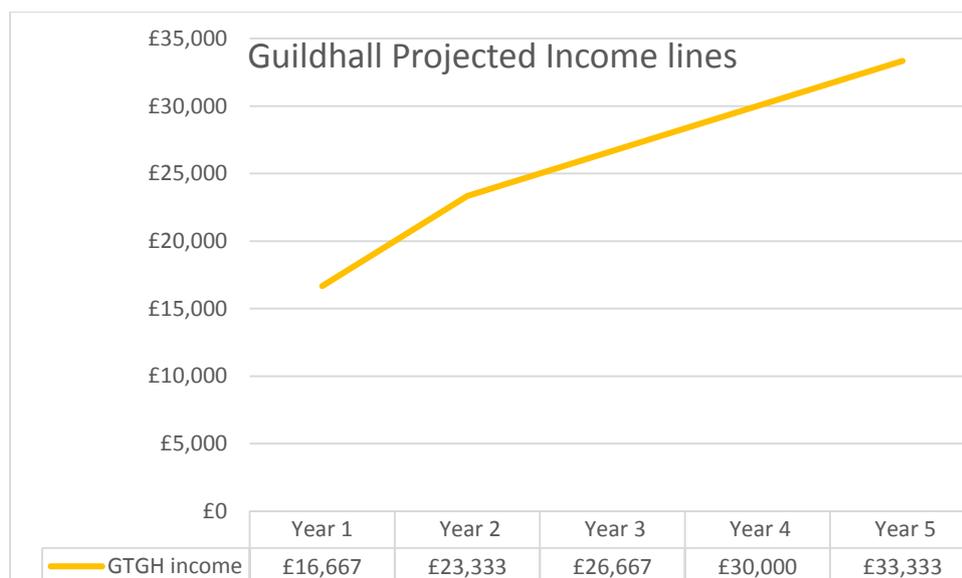
Therefore in the financial projections it has been assumed that GTGH events will be run immediately from launch in the first year, of all types including cinema screenings, concerts, variety nights. The average ticket price has been assumed to be £8 including VAT and average ticket numbers have been assumed to be only 50 per event in the first year rising to 100 per event in year 5. It is noted within the workings that in the first two years GTGH events will not produce a net profit.

<b>Good Times at the Guildhall</b>	Year 1	Year 2	Year 3	Year 4	Year 5
average no of tickets sold per event	50	70	80	90	100
average ticket price	£8.00	£8.00	£8.00	£8.00	£8.00
per ticket income after VAT removed	£6.67	£6.67	£6.67	£6.67	£6.67
ticket income per event	£333.33	£466.67	£533.33	£600.00	£666.67
cost of acts, licence, entertainments	£300.00	£300.00	£300.00	£300.00	£300.00
marketing costs directly attributable to event	£200.00	£200.00	£150.00	£150.00	£150.00
net profit per event	-£166.67	-£33.33	£83.33	£150.00	£216.67
<i>staff costs are put in on year model sheet</i>					
function bar at a GTGH event					
assume amount spent per person	<b>£3.50</b>				
bar spend per event	£175.00	£245.00	£280.00	£315.00	£350.00

Event costs are budgeted at £500 in the first year with slight decrease in later years as events become more regularised and require less marketing. In year one net breakeven point is 75 tickets even before staff costs are added. The approach to GTGH is therefore realistic and accepts that this will not be a "money spinner" for the council by any stretch, the point being that it fulfils a social objective for the town and delivers footfall into the building that benefits the other income streams of the Guildhall.

GTGH events will probably be delivered in seasonal programmes. For the purposes of the business model a simple blanket assumption of one event per week has been input although this may be a broad average of 50 in a year rather than a set frequency. The model has placed these events on Friday nights for convenience but it will have to be seen whether ticket sales are better for midweek events or indeed whether the demand for function hires at the weekends, which may be more profitable than GTGH events, changes this initial assumption.

The overall income for these events is assumed to grow fairly sharply as ticket sales per event between year one and year two show strong growth as the events gain momentum. Thereafter it is assumed that a slower growth will continue over the remaining years.



### 6.7 Income from *My Drop-In Guildhall*

By far the most significant income generation of *My Drop-In Guildhall* is the café/bar area which has been modelled in detail because we are not in possession of historical accounts data in the same way as we are for room hires.

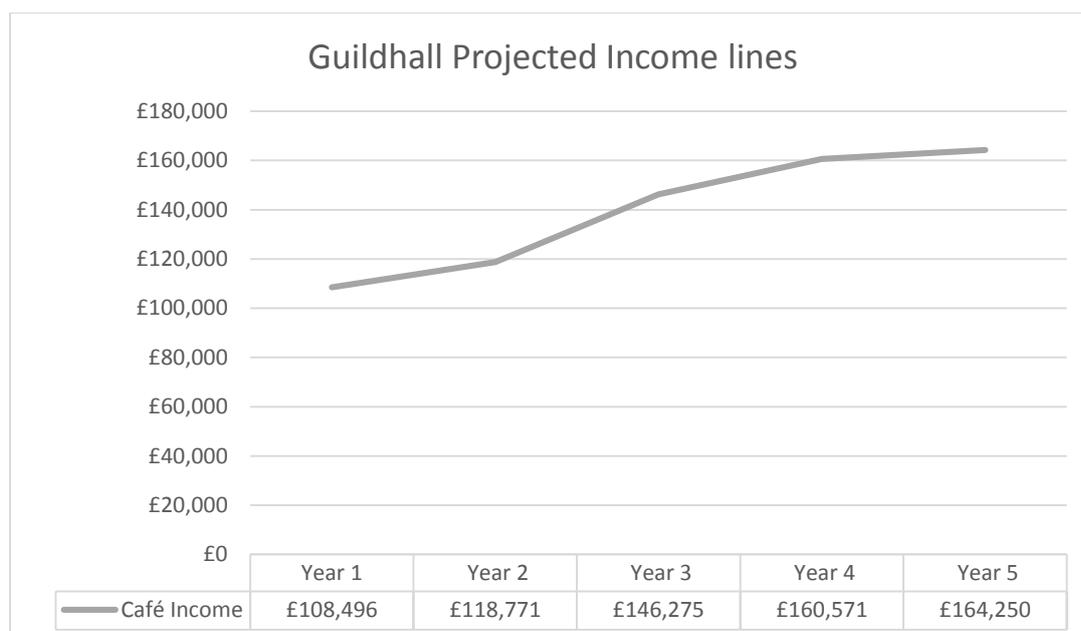
A "building blocks" approach has been taken which allows common sense assessment of whether predicted income looks reasonable. The basic building block is a "typical day" model which shows half-hourly sales across five product types: hot drinks, cakes/ pastries/ snacks, light meals, soft drinks and alcoholic drinks. Average selling prices for these lines have been set based on competitive analysis and are intended to put the Guildhall offering in the mid-range. No price increases for the café have been put in across the five years and the average prices are as shown for the unit types that have been envisaged as the main offering for the café.

<b>Prices paid by customer in the café</b>	
<b>Average price per product type</b>	
	average price
Hot drinks	<b>£2.20</b>
Pastries/cakes/countlines	<b>£1.10</b>
Meals/snacks	<b>£4.90</b>
soft drinks	<b>£1.20</b>
alcoholic drinks	<b>£2.40</b>
	<i>price includes VAT</i>

To predict volume, two day-types have been modelled. One assumes closing at 7pm because the building is closing and the other assumes closing at 9pm because there is an evening room hire elsewhere in the building. This is in order that assumptions about evening usage of the building can be firmly linked into café sales predictions. As well as two day types there has also been a range of levels of footfall assumed graded from 1 to 4. These average days have then been spread across the "average" week and the summary below shows that predictions for café takings have been moderate, bearing in mind these are averages and on a sunny Saturday the footfall of families coming and going from the Abbey Gardens, river bank and swimming pool can be very high.

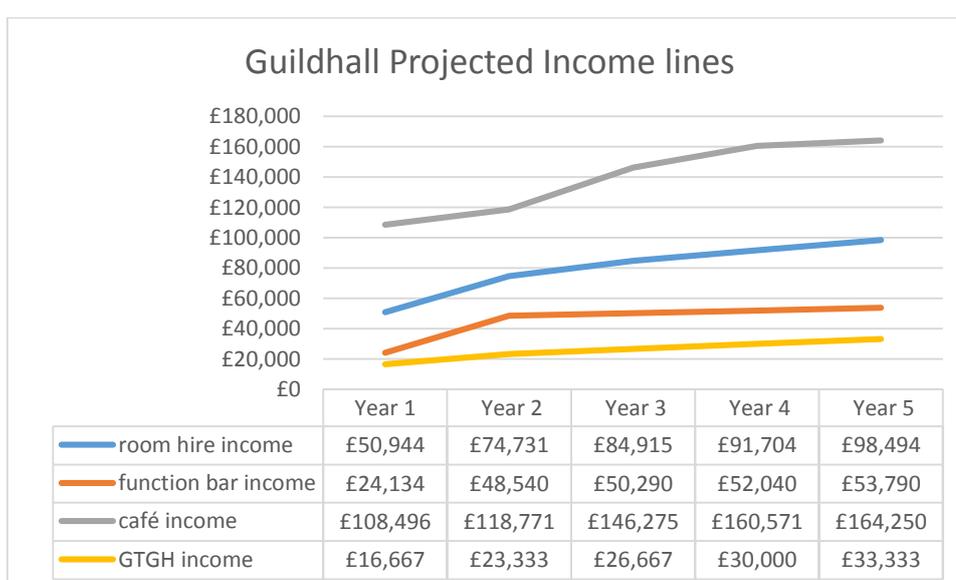
<b>Average Café Day Types</b>	figure before the point (1 or 2) denotes base day type figure after the point shows how busy on a scale of 1-4						
	MON	TUES	WED	THURS	FRI	SAT	SUN
Year 1	1.1	2.1	2.1	1.2	2.2	2.2	1.2
Year 2	1.1	2.1	2.1	1.2	2.2	2.3	1.2
Year 3	1.1	2.2	2.1	2.2	2.2	2.4	2.2
Year 4	1.1	2.2	2.2	2.2	2.3	2.4	2.2
Year 5	2.1	2.2	2.2	2.2	2.3	2.4	2.2

- Café income includes sales of alcoholic drinks to smaller evening hires including dance classes which were formerly served by a function bar, and produced £40--50 in sales per event,
- Also included are lunches and drinks ordered associated with room hires. These have not been broken out in previous accounts history and therefore no particular figure for this has been isolated, although care was taken not to double-count this income by also including it in average room hire figures.



### 6.8 Overall Income Trends

The outcome of the above assumptions being processed as described through the model is a set of income figures which show that the first year is important in creating the recovery of former business in room hires and function bars and in establishing the café. Room hire income is predicted to recover into year 2, and thereafter grow gradually although never rising much above previous historical maximums. The café income establishes itself in year 1 and 2 and thereafter achieves higher growth in years 3 and 4 as the ambition of the Guildhall being a vibrant social centre is realised, reaching what may be maximum potential via slightly slower growth from year 4 onwards.



## 7. Expenditure Projections

As shown in section 5 of this Report, capital expenditure is a separate matter which is not defined in detail in this Business Plan. The expenditures which are the subject of this analysis are the ongoing day to day costs which are the direct result of running the building and delivering the services listed in the vision.

The three types of cost are:

### 7.1 Direct Costs/Cost of Sales

The first line of expenditure summarises the costs directly associated with the business that is being undertaken. In particular, the café will have direct costs related to sales, and in the business model a range of key menu product lines has been defined and as sales assumptions are made about these lines the model automatically generates a cost of sales figure based on the unit sales. For example for each cup of coffee sold in the café the cost of the coffee/milk is included in the direct costs line. These costs vary with the income projections so if the café volume is predicted to be high on certain days of the week, parallel changes have also automatically been made to the direct costs line.

In addition there has been an assumption that the type of food to be offered in the café will include some fresh and short-dated products and therefore this will result in a certain amount of unavoidable wastage. For this reason 10% has been added to cost of sales in all years.

Costings have been based on mid-range suppliers' prices and include a generous 35p per hot drink which will allow for a good quality coffee to be sourced giving the café appeal to a wide range of consumers and providing an appropriate ambience around high-quality GTGH events such as opera screenings in the Abbey Hall. The cost of electric to heat the water or milk that makes the coffee is not included as this is in overheads (see later.)

#### Basis for Cost of Sales calculations for café

	cost price	cost less VAT & + wastage factor
Hot drinks	£0.35	£0.39
Pastries/cakes/countlines	£0.60	£0.66
Meals/snacks	£2.00	£2.20
soft drinks	£0.60	£0.55
alcoholic drinks	£1.25	£1.15

### 7.2 Staffing Costs

The second line of expenditure is the summary of the staff costs. These are partly fixed and partly variable. They are variable in that an increase in events and functions will require an increase in staff. However there is also a base level of staffing that cannot be reduced even if it is a quiet day. This base level of staffing is planned out in some detail and then input into the staffing cost model,

and includes staff cover designed so that there is no lone working at any time as the building is large and vulnerable with more than one entrance. Extra staff costs for both café and functions are then added to this basic cost as the increase in business is input into the model.

The basic building block of the staff cost model is the day shift pattern. Shift work will be normal at all levels including the management level. The business planning process has involved a radical rethink of staffing and it has been agreed that a traditional nine-to-five contract is inappropriate for the management of the multi-use service vision. Contracts for staff must be set up so that the council is neither paying for staff to sit underutilised in an empty building, nor trying to run busy functions without enough staff to deliver a good service. Managers and supervisors will need to take an active, hands-on approach to managing the building, including the ability to drop into many tasks (such as barista, desk service, meet and greet) for a few minutes to support other staff under pressure. Personnel in the hospitality industry are used to such job roles and this may well be the preferred background of the new management team.

**Management Team:** It is assumed that this basic level of cover to meet all day to day supervisory needs could be provided by a management team made up of manager and two supervisors working a rotational shift pattern between them. This base cost based on multi-tasking managerial and supervisory staffing is efficient. When staffing a desk whilst waiting for an evening room hire to finish, a manager or supervisor can accomplish admin tasks, write reports, plan rotas, etc whereas a “cheaper labour option” will only man the desk, and in the morning the admin tasks will have to be done by someone else. It is suggested that appropriate staff contracts are drafted when the managerial/supervisory staff are hired which plainly show the requirement to work in rotational shift patterns on a four days on/two days off system, or similar.

**Café Staff:** The model assumes a base level of staff cover made up of two shifts of around 6 hours each and one shift of 4 hours, providing overlaps of two staff at lunchtime and early evening. These type of shifts are beneficial in several respects:

- It avoids being overstaffed across quiet periods
- It increases the staff pool so that if someone is off sick there is a good chance of drafting in another member of staff to provide cover by doing a few hours of overtime
- Staff can maintain energy levels more easily across a 6 hour shift
- Short shifts of this type can increase the number and quality of applicants as they will be suitable for those who are balancing the demands of parenting, being a carer or studying.

It is assumed that this base level of cover would be suitable for days when the café is quieter. The model increases staff cover for busier days.

**Function Staff:** For larger events and functions more staff would be needed for both setting up and managing the event and this has been reflected in the analysis. In the past the Guildhall has been able to call on a regular bank of staff who are good at bar management, meet & greet and troubleshooting for main events and these are included as "casual" and costs per hour calculated based on this previous history.

Analysis of previous bar takings has shown that frequently the cost of staffing a function bar was barely covered by the bar income, much less the bar profits. Under the new business model more efficient working will be possible because the café will be in operation and able to serve alcoholic drinks. Shift cover for the café will already be in place and participants at smaller hire events such as dance classes will simply use this service and no function bar will be necessary. However at larger events clearly the customer will require their own bar which might be in the main bar area or

reproduced within a function room at a mobile bar and therefore in the business model extra staff are planned in for functions so that the bar can be staffed appropriately.

Within the base level of staff cover one casual staff member is included in the costings for any day when there is an event taking place in the evening, even if it is a fairly small regular hire type. This ensures lone working is avoided at the end of the night after the café staff have gone.

### 7.3 Indirect Costs

The third line of the expenditure section is the total of indirect costs such as maintenance, marketing, rates, utilities. These projections are partly based on historical information and also on assumptions which have to be made about changes in government policy or the utilities market.

**Marketing:** an annual general marketing budget of £15 000 has been included in the overheads although the GTGH costings also included provision for specific marketing of these events in the £500 per event cost mentioned previously. The general marketing budget is intended for more general marketing activities associated with gaining new clients for room hires, and may include the cost of activities such as wedding fairs which attract prospective brides or free networking nights to attract new business customers. It is also intended to continue some previous marketing activities such as the shared What's On pages in print media which involve collaboration with the Museum and Community Services teams.

**Utilities:** The overhead assumed for electric, gas and water is based on existing figures in this financial year and no increases are assumed as it is expected that savings can be made offsetting any price rises through the use of more efficient heating controls that will be put in as part of the refurbishment.

**Cleaning and Janitorial:** In addition to staff costs for running the building an additional budget for cleaning sits in this part of the model as an overhead and could be either used to provide another member of staff for cleaning shifts or for paying a contract cleaning company. The cost of laundering tablecloths after an event and general cleaning products is also covered under this heading.

**Maintenance:** if the Guildhall is to deliver the quality service which will keep our customers coming back again and again and thus providing income, a high quality ambience will have to be maintained, and many high traffic areas will need painting and light refurbishment within two years. A starting position of £12 000 has been assumed for the first year as although the new part of the building should not require expenditure the historic part may still need a budget. Thereafter an increase of 5% per year has been forecast.

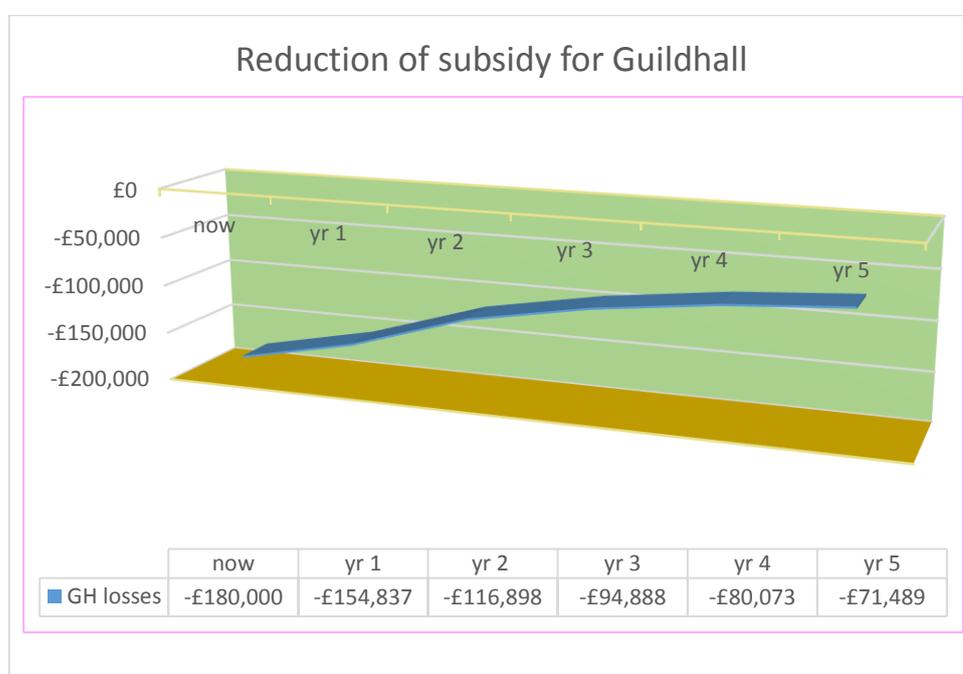
**Licences:** included in this budget are the licences involved for the sale of alcohol, for holding events, for conducting wedding ceremonies and for playing music.

**Business Rates and BID Levy:** a small increase in business rates has been input into the model and the BID Levy is based on the notified charges already issued by the BID Team before the ballot. It should be remembered that this model assumes that the Guildhall will re-open in the second financial year of the BID and therefore the year 5 figure is a prudent estimate based on assumption of a successful re-ballot at 2% of rateable value.

## 8. Outcome - Subsidy Line

It has been accepted that the Guildhall is an important asset which could be used to greater effect to enhance the community life of Abingdon-on-Thames but notwithstanding this commitment shared across all parties there is also a desire to reduce the extent to which this building drains financial resources. If funds are borrowed in order to restore the asset to a state which gives it the potential to successfully deliver the multi-use community vision, then clearly it is important to be able to see that the amount that the council will pay in loan costs is at least offset by the reduction in the subsidy required to maintain the delivery of this service.

The business modelling undertaken suggests that this is not an area for concern and that over the period of five years following the refurbishment and reopening, using the assumptions described above, the subsidy will reduce from the £180 000 which is the approximate annual figure down to £154 837 in year one, thereafter continuously reducing to year five when the predicted subsidy is £71 489.



In appendix B further details are shown of the combined effect of subsidy reduction and loan repayments which demonstrate that there is every reason to suppose that the loan costs will be covered after year one and still more that further savings will be generated for the council from the income which will be made as the building reaches its true potential as a social and cultural hub of Abingdon-on-Thames.

## Appendix A: Guildhall Business Planning Report: Five Year Profit and Loss Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	
Room hire income	£50,944	n/a	£84,915	£91,704	£98,494	7.4%
Function bar income	£24,134	n/a	£50,290	£52,040	£53,790	3.4%
Café/small bar income	£108,496	n/a	£146,275	£160,571	£164,250	2.3%
GTGH income	£16,667	n/a	£26,667	£30,000	£33,333	11.1%
Rental income	£16,179	n/a	£16,179.00	£16,179.00	£16,179.00	0.0%
<b>Total income</b>	<b>£216,420</b>	<b>£281,555</b>	<b>£324,326</b>	<b>£350,494</b>	<b>£366,046</b>	<b>4.4%</b>
<b>Cost of sales</b>	<b>£84,589</b>	<b>£99,523</b>	<b>£111,662</b>	<b>£116,949</b>	<b>£119,619</b>	<b>2.3%</b>
<b>Staff costs</b>	<b>£155,103</b>	<b>£165,653</b>	<b>£172,503</b>	<b>£176,753</b>	<b>£179,115</b>	<b>1.3%</b>
<b>Net Profit</b>	<b>-£23,272</b>	<b>£16,379</b>	<b>£40,161</b>	<b>£56,793</b>	<b>£67,312</b>	<b>18.5%</b>
<b>Overheads</b>						
Marketing costs	15,000	15,000	15,000	15,000	15,000	0.0%
Elec, gas and water	28,331	28,331	28,331	28,331	28,331	0.0%
cleaning and janitorial	13,000	13,000	13,000	13,000	13,000	0.0%
Refuse collection	2,885	2,972	3,061	3,153	3,247	3.0%
maintenance	12,000	12,600	13,230	13,892	14,586	5.0%
Office costs	5,515	5,570	5,625	5,682	5,739	1.0%
Insurance	7,373	7,447	7,521	7,596	7,672	1.0%
Licences	3,000	3,060	3,121	3,184	3,247	2.0%
Business Rates	38,295	39,061	39,842	40,639	41,452	2.0%
BID Levy	1,441	1,465	1,497	1,521	1,610	5.8%
Misc and other	4,725	4,772	4,820	4,868	4,917	1.0%
<b>Total overheads</b>	<b>131,565</b>	<b>133,278</b>	<b>135,049</b>	<b>136,866</b>	<b>138,801</b>	<b>1.4%</b>
<b>AMOUNT OF SUBSIDY</b>	<b>-154,837</b>	<b>-116,898</b>	<b>-94,888</b>	<b>-80,073</b>	<b>-71,489</b>	<b>-10.7%</b>

Appendix B: Guildhall Business Planning Report: Capital Loan Financing

Over a 30 year loan the repayments would be £52 966 pa and over a 40 year loan the repayments would be £46 786 pa

In both cases the subsidy reduction more than covers the cost of loan over the period of five years.

