

# FLAMSTEAD PAVILION DEVELOPMENT

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## COST PROJECTION & SUBSTANTIATION

### Forward

The Pavilion Development project has given rise to an ever-increasing need for further substantiating the projected costs associated with the project, including the cost of building any new facility, the cost of maintaining it, the cost of running it and the potential for generating revenue from it in order to feed back into village facilities.

Whilst every effort has been made to cover as many aspects of the finances as possible it is important to note that what follows are purely illustrations of projected best-effort figures and are released into the public domain for individual scrutiny and feedback.

Most of the items in the projection have some notes alongside, but it was felt that some further clarity about how we arrived at some of the figures might be helpful.

The financial calculations for both the larger (1&2) option and the smaller (3&4) option are comparable in that they both assume the same percentage or rent-ability; the larger option simply has bigger rooms.

What have been termed 'Therapy rooms' in the larger model can be thought of as added extras, inasmuch as the potential income from them is almost identical to the profitability forecast of the venue. In other words, removing 100% of the rental income from the therapy rooms does not force the project into negative equity in the case of the larger build.

### Income

#### Football and cricket

Both the options cater for footballers and the cricket club. In the 2016 budget the Parish Council (PC) had expected cricket income of £2,000. It is therefore reasonable to expect a similar minimum income with a newer, better facility. A £500 addition has been posited for a bigger version of the same.

The PC encourages use of the football pitches and currently Harpenden Colts are keen to continue using the facilities. In 2016 this accounted for an income of £1,500 and again it would seem reasonable to expect that a slight increase in fees to reflect the upgraded facility would be reasonable. This has been shown therefore as £1,650.

#### Hall Hire

Following on from research conducted in 2015 the hire of the halls in both cases has been set at 1000 hours in each year. In the 'Pavilion Potential Revenues' report it states:

There are essentially two different types of hire and four different types of event that occur at these sorts of premises:

- One-off special bookings – Paid hire
- Regular bookings – Paid hire
- Regular village events
- Special village events

Regular bookings are generally clubs and societies of varying types, many of which are listed below, whereas special bookings are usually one-off occasions such as birthday parties, wakes, weddings and the like. Both of these attract a fee, whereas village event use generally does not, but these are much rarer.

Again, from the same report the following table details the cost of other similar local facilities:

| HALL         | RESIDENTS |             |             | NON-RESIDENTS |             |             |
|--------------|-----------|-------------|-------------|---------------|-------------|-------------|
|              | Sun-Fri   | Sat Daytime | Sat Evening | Sun-Fri       | Sat Daytime | Sat Evening |
| Harpenden    | £50/3hrs  | £50/3hrs    | £90/3hrs    | £50/3hrs      | £50/3hrs    | £90/3hrs    |
| Batford      | £50/3hrs  | £225.00     |             | £50/3hrs      | £225.00     |             |
| Flamstead    | £12/1hr   | £13/1hr     | £105.00     | £13/1hr       | £16/1hr     | £137        |
| Tyttenganger | £10/1hr   | £52.50/3hrs | £90/3hrs    | £10/1hr       | £52.50/3hrs | £90/3hrs    |

Having taken all of the relevant data into account and recalculated as a simple hourly rate, the average cost per hour equivalent of all of these halls was **£14**, hence the financial projection uses this amount in its calculations.

The overall hiring target originally stated in the previous report was:

- Regular hirers paying £14 per hour for 18 hours per week
- 10 weeks courses of 8hrs in school term times
- Regular subsidised hirers paying £7 for 8hrs a week
- 1 Saturday night hire per month

This totals 1,120 hrs of hire, which has been reduced to 1000hrs in our calculations in order that we work on the most realistically achievable targets.

The following are some of the clubs that were identified as potential users:-

|               |                 |                    |                    |
|---------------|-----------------|--------------------|--------------------|
| Socatots      | Watercolour     | Dance Academy      | Recreation for the |
| Snoopy Dog    | Workshops       | Circuit Training   | retired            |
| Training Club | Yoga            | Mother & Baby      | Judo               |
| Zumba         | Winemaking club | Clinic             | Mead Quilters      |
| Pilates       | Home Counties   | Mothers &          | Horticultural      |
| Aikido        | Boxer Welfare   | Toddlers           | Society            |
| Baby Sensory  | Bridge School   | Irish Dancing      | After school play  |
| Classes       | Pre-school      | Play Group         | scheme             |
| Jujitsu       | Table Tennis    | Taekwon-do         | Womens Institute   |
| Karate        | Brownies        | Scrapbooking       | Tai Chi            |
| Dawn to Dusk  | Beavers         | Youth Club         | Scouts             |
| Carers        | Cubs            | Senior social club |                    |

## Meeting Room Hire

In both cases the target would be to rent the meeting room space for a minimum of 16 x 3hr slots per month. It is true to say that this is a bit of an unknown, but taken in the context of all the other rental possibilities we feel that it is a reasonable estimate.

## Expenditure

All of the expenditure figures have been researched and, whilst it is impossible to use completely accurate figures until actual building plans are produced, they are considered to be sufficiently accurate for the purposes of forecasting at this stage.

## Loan Repayment

The loan repayment figures are based on a £100,000 loan for the larger building and a £67,500 loan for the smaller building; these representing 50% match-funding for the total build costs of each.

It should be mentioned that, whilst the cost of a new building may have to be borne over a period of no more than 10 years, the benefit of the building will be felt over its expected life-span of 50 years or more. That being the case you might be interested in the amortized values shown at the bottom of the projection and labelled 'Build Cost/Y'.

## Maintenance & Sinking Fund

These have been calculated as per Sport England recommendations.

## Detailed cost projections

Detailed projections are provided on the next page.

Vince Picton 2 April 2017

Pavilion Cost Projection

31/03/2017

OPTIONS 1&2

| Income                     | Notes                                                                         |
|----------------------------|-------------------------------------------------------------------------------|
| <u>Regular hire</u>        | Assumes Cricket & Football can co-exist with other hirers                     |
| Cricket                    | £2,100.00 Likely                                                              |
| Football                   | £1,650.00 Likely                                                              |
| Hall hire                  | £14,000.00 1000 hours per year @ £14, as per Potential revenues document -10% |
|                            | £17,750.00                                                                    |
| <u>Rooms</u>               |                                                                               |
| Therapy Room Rental Income | £18,000.00 @ 30% Occupancy                                                    |
| Meeting Room Rental Income | £5,760.00 @ 30% Occupancy                                                     |

T Total Income £41,510.00

Expenditure

| Expenditure               | Notes                                                           |
|---------------------------|-----------------------------------------------------------------|
|                           | (Based on a £230k build cost)                                   |
| Caretaker/Cleaner Salary  | £2,600.00 52 weeks X £10ph X 5hrs per week                      |
| Rates                     |                                                                 |
| Electricity               | £1,800.00 Estimated for full usage                              |
| Gas                       | £1,800.00 Estimated for full usage                              |
| Water                     | £150.00 Estimated                                               |
| Waste water               | £150.00 Estimated                                               |
| Maintenance               | £2,000.00 1% of facility cost as per Sport England guidelines   |
| Fire Extinguisher Service | £175.59 10 Extinguishers (source Safelincs)                     |
| Boiler Service            | £90.00 £70 average for Which home boilers                       |
| Public liability          |                                                                 |
| Buildings                 | £1,405.12                                                       |
| Contents                  |                                                                 |
| Alarm                     | £150.00 Estimated allowing for extra sensors                    |
| PAT Testing               | £100.00 Estimated                                               |
| Sinking Fund              | £1,000.00 0.5% of facility cost as per Sport England Guidelines |
| PRS License               | £415.10 1% for Income over £10,000                              |
| Refuse                    | £200.00 Estimate from Internet Research                         |
| Marketing                 | £1,000.00                                                       |
| Broadband/Telephone       | £350.00 Estimated                                               |
| <b>RUNNING COSTS</b>      | <b>£13,385.81</b>                                               |

Loan repayment £10,000.00 For 10 years

Total Annual cost £23,385.81

Profit/Loss

£18,124.19

Build Cost/Y

£4,600.00

\*INCOME IS ALSO AVAILABLE FOR EXTRA HALL HIRES (PARTIES ETC) BUT NOT INCLUDED IN THIS FORECAST

\*THE TWO OPTIONS SHOWN ABOVE ARE BASED ON EXACTLY THE SAME USAGE, BUT OF DIFFERENT SIZED ROOMS

\*OPTION 1&2 LOAN REPAYMENT IS FOR £100K, OPTION 3&4 LOAN REPAYMENT IS FOR £67,500 WHICH IS £135,000/ 2 (I.E. HALF THE BUILD AMOUNT) / 10 YEARS

OPTIONS 3&4

| Income                     | Notes                                                                         |
|----------------------------|-------------------------------------------------------------------------------|
| <u>Regular hire</u>        | Assumes Cricket & Football can co-exist with other hirers                     |
| Cricket                    | £1,900.00 Likely                                                              |
| Football                   | £1,650.00 Likely                                                              |
| Hall hire                  | £11,000.00 1000 hours per year @ £14, as per Potential revenues document -10% |
|                            | £14,550.00                                                                    |
| <u>Rooms</u>               |                                                                               |
| Meeting Room Rental Income | £5,760.00 @ 30% Occupancy                                                     |

T Total Income £20,310.00

Expenditure

| Expenditure               | Notes                                                         |
|---------------------------|---------------------------------------------------------------|
|                           | (Based on a £135k build cost)                                 |
| Caretaker/Cleaner Salary  | £2,080.00 52 weeks X £10ph X 4hrs per week                    |
| Rates                     |                                                               |
| Electricity               | £765.00 Using Sandra's divisor from the original plan         |
| Gas                       | £765.00 Using Sandra's divisor from the original plan         |
| Water                     | £150.00 Estimated                                             |
| Waste water               | £150.00 Estimated                                             |
| Maintenance               | £1,350.00 1% of facility cost as per Sport England guidelines |
| Fire Extinguisher Service | £50.00 10 Extinguishers (source Safelincs)                    |
| Boiler Service            | £90.00 £70 average for Which home boilers                     |
| Public liability          |                                                               |
| Buildings                 | £1,250.00 Estimated                                           |
| Contents                  |                                                               |
| Alarm                     | £150.00 Estimated allowing for extra sensors                  |
| PAT Testing               | £100.00 Estimated                                             |
| Sinking Fund              | £675.00 0.5% of facility cost as per Sport England Guidelines |
| PRS License               | £203.10 1% for Income over £10,000                            |
| Refuse                    | £200.00 Estimate from Internet Research                       |
| Marketing                 | £1,000.00                                                     |
| Broadband/Telephone       | £350.00 Estimated                                             |
| <b>RUNNING COSTS</b>      | <b>£9,328.10</b>                                              |

Loan repayment £6,750.00 For 10 years

Total Annual cost £16,078.10

Profit/Loss

£4,231.90

Build Cost/Y

£2,700.00