Dolphin Centre Refurbishment

Financial Risk Assessment of Business Plan

							APPENDIX 2
Description	**Worst**		**Background and Potential Risk**	**Level of Risk**			**Actions Taken**
	Year 1	**Year 2**		**High**	**Medium**	**Low**	
Registrars Office/Marriage Hall	£10,000.00	£10,000.00	Additional income, based on provisional estimates of service recharges	☐	☐	☑	The proposed Registrars' office accommodation on the ground floor is self-sufficient in revenue budget terms. Income indicated is a re-charge/ contribution to overhead.
Soft Play/Sensory Room	£160,000.00	£160,000.00	New 7 day provision with casual access. Best incomes are based on a 20% occupancy rate. Worst incomes are reduced to a half year level with a 10% occupancy rate.	☐	☑	☐	The lowest occupancy rate i.e. 10% assumes a modest increase. Research indicates that this is a growth market, in both admissions and average spend per admission. Internal retail provision of play areas accounts for over 46% of the market (Ref source: Mintel 2005)
Pulse Suite	£25,200.00	£25,200.00	Representative savings on consolidated staffing and equipment leasing costs.	☐	☐	☑	Closure of Pulse 1 enables efficiency savings from both staffing and equipment leasing costs.
Studios 1, 2 & 3	£19,500.00	£19,500.00	Increased fitness programming and eliminating of current cancellation costs (currently approx £9.5k per annum).	☐	☑	☐	New areas for bespoke programming negate the current levels of cancellation of core programme due to the pressures of large scale events. This equates to 50% of the anticipated income and predicted market admissions set to increase.
Wet Change	(£116,632)	(£52,000)	Net expenditure for staffing new facility and loss of locker income. Also buy out of current lease on lockers (one off charge). Reductions in vandalism and maintenance.	☐	☐	☑	Admission prices have been increased to recover locker fee income over and above inflationary price increases. Reduction in vandalism. Levels of staffing of the area can be varied according to levels of business.
Conferences/Seminars/Weddings	£110,500.00	£110,500.00	Net profits based on analysis of current meeting take-up/commercial pricing and additional income from weddings/registrars joint services reflects a 30% take up on current number of ceremonies.	☐	☑	☐	Figures based on potential lost income from seminar enquiry and also based on current levels of weddings carried out in the current registrar's facility. Assumes a 30% take up of full wedding catering packages. Increased level of comfort within the new facilities will facilitate a higher market price structure.

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Catering Facilities including parties/soft play/bars	£60,000.00	£60,000.00	Net profit for increased turnover from a 7 day food operation incorporating town centre bar/bistro and pavement café and increased footfall from children's activities.	☑	☐	☐	Consolidated delivery of catering services to provide reduction in labour expenditure. Marketing strategy. Increasing spends per head via direct access from the market place. The selling of packages that incorporate both activity and catering to gain commitment spend.
Reception/Customer Services/Box Office	£0.00	£0.00	Restructure to be done from existing budget resources. Future gains may be achieved as a multi-skilled approach to service delivery develops. It is envisaged that a higher profile town centre location for theatre box office can improve sales for the Civic Theatre and Arts Centre.	☐	☐	☑	The majority of sales i.e. 86% on box office, are via telesales. Future multi- skilling will reflect on going within revenue budgets.
Marketing budget	(£30,000)	(£20,000)	Initial marketing campaign and an increase in marketing activity for new services	☑	☐	☐	Essential to creating the above income generation.
Staffing saving on casual hours/overtime during closure	£87,000.00	£0.00	Saving on 26 week wages payments on closure for casual and overtime payments.	☐	☐	☑	Worked out on existing actual structure.
Cost of closure - loss of income one-off costs	(£636,660)	£0.00	Taken from existing budgeted income and assumes six months closure	☐	☑	☐	Initial project has received an overview from a contractor and the loss of income reflects a closure of what is estimated at maximum duration.
Cost of closure - loss of income - on going		(£48,750)					
Uniforms/branding	(£2,000)	£8,000.00		☐	☐	☑	Do not need to allocate new expenditure
Repairs and maintenance	£100,000.00	£40,000.00	Year 1 saving based on the renewal of plant/M&E, reducing in subsequent years.	☐	☐	☑	Low in first year, warranties in place following remedial works.
Pricing policy	£58,750.00	£58,750.00	Increase in admission prices to cover family change/new pricing policy/review of concessions and recovery of locker income. The best reflects a 12% increase on current trades/transactions.	☐	☑	☐	Implemented at the beginning of the financial year. Impact can be assessed prior to project commencement.
Business rate rebate	£43,187.00	£0.00	Based on 26 week closure (3 months 100%, 3-6 months 50%).	☐	☐	☑	Assumed maximum closure period required.
Net profit/(loss) before borrowing costs	**(£111,095.00)**	**£371,200.00**	No financing charges for prudential borrowing included at this stage.				