

***Report on the Business Case  
for the The Future of  
Darlington Libraries***

**Report to Darlington Borough  
Council**

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Darlington Borough Council

June 2016



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# *Opening letter*

Paul Wildsmith  
Director of Neighbourhood Services and Resources  
Darlington Borough Council  
Town Hall  
Feethams  
Darlington  
County Durham  
DL1 5QT

10 June 2016

Dear Paul

## **Report of factual findings in connection with the Review of The Future of Darlington Libraries Business Case**

This report is produced in accordance with the terms of our agreement dated 8 June 2016.

The Community Libraries Steering Group on behalf of Darlington for Culture have prepared The Future of Darlington Libraries Business Case and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents.

The directors of Darlington Borough Council (the “Council”) have prepared the MTFP Library Service Proposals and remain solely responsible for it and for the creation and maintenance of all accounting and other records supporting its contents.

We have performed the procedures agreed with you and listed in respect of The Future of Darlington Libraries Business Case prepared by The Community Libraries Steering Group on behalf of Darlington for Culture. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 ‘Engagements to perform agreed-upon procedures regarding financial information.’

We performed the following procedures:

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- Obtained and read The Future of Darlington Libraries Business Case and other supporting documentation (a bible of the documents considered is attached) such as the MTFP Library Service Proposals;
  - Obtained supporting documentation and explanations by interview for The Future of Darlington Libraries Business Case ‘Appendix 3 – Summary Figures’.
  - Understood the costs and income projections in ‘Appendix 3’ based upon supporting documentation / interview and considered if these appeared reasonable based upon the supporting documentation;
  - Tested the reasonableness of the income and cost assumptions based upon the local benchmarking information provided by the council and also compared this with other benchmarking information where such was available; and.
  - From interview, understood the readiness of the Community Libraries Steering Group to implement their proposals, and also sought to understand how they are able to provide services, fund them and ensure that they meet prevailing statutory duties / responsibilities. We also understood what statutory vehicle will be used and how the Community Libraries Steering Group will ensure a sustainable service is provided.

Based on the above procedures, we identified the findings enclosed within the remainder of this report.

Our procedures, as stated in our agreement, did not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of The Future of Darlington Libraries Business Case. We do not express such assurance. Had we performed additional procedures or had we performed an audit or review of The Future of Darlington Libraries Business Case in accordance with generally accepted auditing standards, other matters might have come to our attention that we would have reported to you. This report relates only to The Future of Darlington Libraries Business Case and does not extend to any financial statements of the Council taken as a whole.

This report is solely for your use in connection with the purpose specified above and as set out in our agreement. No part of this report is to be copied or distributed to any other party except as permitted under the terms of our agreement. We do not accept any liability or responsibility to any third party.

Yours faithfully,

PricewaterhouseCoopers LLP  
Chartered Accountants  
Newcastle upon Tyne

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# *Background and overview*

## *Background*

The Council, as part of developing its Medium Term Financial Plan, is increasingly being required to make difficult decisions on which services it can afford to provide. The economic climate for local authorities is one of continued pressure on budgets and challenging financial decisions to ensure ongoing sustainability. In that context, the Council has made a number of proposals over the course of the Medium Term Financial Plan to either reduce services or to seek alternative models for delivering similar services within the Borough. In particular, a number of options have been proposed to Cabinet in relation to library services.

An initial paper was presented to Cabinet in February 2016. This made the following proposals with regard to the Council's library services:

- (a) Cockerton Library closes;
- (b) The Mobile Library service ceases; and
- (c) Crown Street Library relocates to the Dolphin Centre.

Since this original proposal, the Council has conducted further work in assessing the suggested actions above. This has included public consultation, development of Equality Impact Assessments and the production of a Library Service Needs Assessment. As part of the consultation process an alternative proposal has been submitted by Darlington for Culture. This proposal included an indicative business case setting out a proposition for the governance and provision of library services and providing an alternative view to that as presented by the Council. In particular the business case has made a number of suggestions regarding how the existing library sites, in particular at Crown Street, could be used to generate new and diverse revenue streams. There are a number of assumptions underpinning the business case and we have focused on these in the comments in our report.

## *Business Case – The Future of Darlington Libraries*

The Business Case was submitted to the Council on 24 May 2016. This was prepared in response to the consultation noted above and also to a number of 'options' presented by the Council with regard to library services. These options included:

### **Option 1**

The mobile library would cease service and Cockerton library would be closed. The main library service, currently located at Crown Street, would be relocated into the Dolphin Centre. This option would include proposed savings, as presented by the Council, of up to £335,000 per annum. There would then be an element of opportunity cost associated with this as some space within the Dolphin Centre would be lost which currently generates revenue for the Council. The overall opportunity cost has been estimated by the Council to be £25,000. In addition, as per the Council's proposal, this option would require £1.1m of capital expenditure to allow for the move between sites.

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Therefore the proposed financial implications from option 1 are:

Savings from closure of Crown Street Library	<b>£310k</b>
Savings from closure of Cockerton Library	<b>£53k</b>
Savings from closure of Mobile Library Service	<b>£56k</b>
Capital outlay for option 1	<b>£1,100k</b>

## **Option 2**

The mobile library would still cease service and Cockerton library would still be closed. However the main library service would remain at Crown Street. This option would include proposed savings, as presented by the Council, of £163,000 per annum. In addition the opportunity costs, as identified above, would not materialise. This option, as per the Council's proposal, would incur £800,000 of capital costs for investment in the building at Crown Street.

Therefore the proposed financial implications from option 2 are:

Savings from closure of Crown Street Library	<b>£188k</b>
Savings from closure of Cockerton Library	<b>£53k</b>
Savings from closure of Mobile Library Service	<b>£56k</b>
Capital outlay for option 2	<b>£800k</b>

Adopting either option the Council would still expect to make savings. Darlington for Culture have put forward an alternative proposal. This would be based around the principles of option 2 (i.e. Crown Street library would remain open) however it would be run by Charitable Incorporated Organisation (CIO) which would utilise the site to provide alternative services and generate additional income, thus mitigating the need to generate the savings identified above. We have set out within appendix 1 to this report, the summary financial information enclosed within the Business Plan which supports this proposed option. We have scrutinised the detail within this Business Plan and particular in relation to the financial information in appendix 1 and presented our findings and comments in the section below.

## ***Summary of findings and conclusions***

Our detailed findings against each of the key assumptions are included below. In particular we identified three key areas where we felt there was currently insufficient evidence to support the assumed income levels proposed. There are:

- A number of the propositions rely on the use of the same assets and facilities presenting a clear risk of duplication in the assumptions;
- A number of assumptions and ideas are still very embryonic and therefore there is insufficient evidence and research to support the proposals; and
- There are a number of areas, in particular in relation to staffing and incidental expenditure associated with the proposals, where likely additional costs had not been fully considered.

In light of the above we did not feel there was sufficient evidence to support the proposed income levels set out within the business plan.

# Comments on The Future of Darlington Libraries Business Case

The findings contained within this report are based on the agreed procedures as set out in our engagement letter and as repeated in the letter accompanying this report.

<i>Assumptions within the Business Plan</i>	<i>PwC Comments</i>
<p><b>Room Hire</b></p> <p>The Plan proposes the use of rooms within the library building to be made available for hire. Income from room hire is proposed to be £20,500 in year 1 increasing to £28,000 in year 2 and £44,250 in year 3.</p> <p>This is based on 25% utilisation and £17.50 per hour average hire rate for large room, £10 per hour average hire rate for small room.</p>	<p>Room hire is based on room costs of £17.50 per hour for the larger rooms and £10 per hour for smaller rooms. We have compared these rates to those used locally, including by the Council.</p> <p>Figures provided by the Council suggest room hire is priced between £20 and £28.50 per hour, primarily within the Dolphin Centre. Additional facilities are available at the Dolphin Centre which would justify a premium for the rooms. The pricing suggested within the Business Plan does therefore not seem unreasonable based on this comparative information and that at other equivalent local facilities.</p> <p>The Plan suggests 25% utilisation of each room. In year 1 this equates to:</p> <p>One large room utilised for 12 hours per week and two small rooms used for 10 hours per week. Both rooms would be utilised over the course of 50 weeks during the year. We have made a number of observations in regard to this assumption:</p> <ul style="list-style-type: none"> <li>• We have analysed room hire at the Dolphin Centre which suggest that for similar rooms, total income within one year would approximate to between £25k and £30k based on the average income for these rooms. This is based on the room rates as set out above. Based on lower hourly rates at the library, as well as factors outlined below, there is a risk income would fall considerably below these levels.</li> <li>• We have noted that footfall at the Dolphin Centre is 900,000 people per annum compared to approximately 195,000 per annum at the library for all library services. Whilst footfall and room hire are not directly linked, the greater volumes indicate higher use of the facilities and therefore greater potential for both room use and marketing. The greater footfall is also reflective of the central location within the town with considerable passing 'trade' whereas the library is does not have this same prominence making awareness more challenging.</li> <li>• Whilst the proposed room utilisation in year 1 is not out of line with the equivalent figures for Council properties such as the Dolphin centre and other equivalent properties, there is no clear indication of any market analysis underpinning the demand for facilities such as those at the library. Our research confirms that room hire is commonly available in Darlington, highlighting clear competition for this service.</li> </ul>

<i>Assumptions within the Business Plan</i>	<i>PwC Comments</i>
	<ul style="list-style-type: none"> <li>• The business plan assumes consistent use of these rooms for 50 weeks of the year with no allowance for seasonal variations or reduced occupancy in certain weeks. In addition, other proposed income streams below rely on the use of these rooms, thereby reducing their availability throughout the year considerably. There is therefore a risk of duplication in the assumptions.</li> <li>• Currently the plan is not clear on the additional costs associated with the hiring of rooms. There is an expectation that the General Manager will facilitate all room hire. Given there is an expectation that rooms will be used at hours outside of the standard working hours, it is unclear whether the responsibilities of the General Manager could extend to full management of the room hire. And where this is not possible, there is currently no clear contingency. While it is accepted that some volunteer support may facilitate this, no contingency is currently built into forecasts to allow for potential additional costs. Further, this contingency would need to extend to the incidental costs associated with the hiring of the room and potential additional opening hours including cleaning costs, security, insurance, health and safety and utility costs (heating and lighting). Currently the business plan does not clearly consider the implications of these.</li> <li>• The forecasts suggest growth in excess of 100% in income from room hire over the period. The business plan assumes static fees and therefore this growth is entirely based on increased volumes.</li> </ul>
<p><b>Café</b></p> <p>The Plan includes the conversion of space within the library to allow for the establishment of a café. Net profit from the café is proposed to be £31,000 in year 1, increasing to £36,000 in year 2 and £41,000 in year 3.</p> <p>This is based on sales of £107,000 per annum. Sales would include 100 hot drinks per day plus cold drinks, sandwiches and cakes/snacks. The figures represent a conversion rate (net profit) of 38%.</p>	<p>The figures for the café assume £108k turnover. Key within this is the assumption of selling 100 hot drinks per day, 6 days per week for 52 weeks of the year generating income of £61k.</p> <p>The prices within the business plan have been informed by other similar vendors. The average price per hot drink equates to £1.97. We have performed analysis of other vendors locally and the price appears to be consistent. For example the equivalent average prices for hot drinks at other local vendors were found to be £1.82 and £1.91 evidencing a relative parity in pricing.</p> <p>The assumptions are therefore driven by volumes and other costs and we have noted a number of observations in this regard:</p> <ul style="list-style-type: none"> <li>• The sale of 100 hot drinks per day is a conversion of one in four library users buying a hot drink while they visit the library. Whilst direct comparison is difficult as each venue is different, the equivalent conversion for Dolphin Centre visitors is one in nine.</li> <li>• The information has been based on other coffee shops. Whilst this can give a reasonable approximation, the primary purpose for people visiting the library will be to use the library facility and the café is incidental (not necessarily a draw in its own right). This is contrasting with the primary purpose of coffee shop / café visitors which is the purchase of food and drinks.</li> <li>• The proposed net profit percentage on turnover within the café is 38%. This compares with typical sector averages of around 30% and based on 3 equivalent vendors for the local authority we have noted an average of 33%.</li> <li>• The business plan makes comparison with a high street store which incorporates a branded coffee chain with turnover of £213,000 (per the business plan) per annum. Whilst some adjustment has been made to figures in the business plan to reflect this, the draw of a high street store with a branded coffee chain makes comparison extremely difficult.</li> <li>• The business plan assumes one staff member to run the café and associated shop. There is no contingency built into the plan for additional costs. For example, whilst one staff member in an environment with established infrastructure may be sufficient, there may be need for additional staff members to accommodate the proposed volumes, in particular on busy days and in light of the café serving food. Other factors such as purchasing, health and safety, food hygiene and cashiering will all need to be factored into the</li> </ul>



<i>Assumptions within the Business Plan</i>	<i>PwC Comments</i>
	<p>responsibilities of existing staff. As such there is a risk that insufficient cost has been factored into the model. Certain responsibilities may fall onto the General Manager, increasing the workload and expectation on this role.</p> <ul style="list-style-type: none"> <li>• There is no clear evidence of the costing of stock within model. Whilst we appreciate the comparison with and insight from other vendors, it is not clear that at different volumes the equivalent prices would be available.</li> <li>• Whilst we appreciate the costs of managing the café are factored into the conversion rate, there is again no contingency for potential one-off or unforeseen costs including licensing, waste disposal and wastage (presents a risk in the early phases of the café whilst consistent customer volumes are established).</li> <li>• Overall a net profit has been forecast of £31,000 in year one. Whilst this is difficult to benchmark given the number of variables, our research has noted that libraries in other regions generate a profit below £5k on their associated café services.</li> </ul>
<p><b>Parties</b></p> <p>The Plan proposes the use of facilities and rooms at the library for children’s parties. Proposed net income would be £10,000 in year 1 increasing to £14,000 in year 2 and £18,000 in year 3.</p> <p>This is based on four parties per week with an average of 15 children per party. A net profit per child of £6 is proposed.</p>	<p>The business plan assumes four children’s parties per week, 50 weeks of the year with 15 children attending each party. There is then a presumption that there will be a profit of £6 per child.</p> <p>We have made the following observations regarding these assumptions:</p> <ul style="list-style-type: none"> <li>• The profit of £6 per child has been compared to equivalent parties organised within local authority services. Whilst a margin of 50% has been identified, this would require a cost per child of £12. The range of prices for parties at the Dolphin Centre are typically between £8 and £12. The proposed profit per child would therefore assume a relatively high individual price per child.</li> <li>• We noted that the Dolphin Centre has a number of options for children’s parties which include soft play. This variety and depth of offer is reflected in the pricing.</li> <li>• Our research on local competitors in this area highlighted that party prices ranged between £8 and £17 with the prices for those at the higher end typically representing activity based parties such as laser combat.</li> <li>• We also identified research showing that the typical party costs per child would be £7.18.</li> <li>• The business plan is not clear on contingency costs associated with the parties. There are a number of associated costs such as safeguarding, health and safety, DBS checks and insurance which are not currently considered directly. The existing infrastructure of leisure centres or other facilities with greater economies of scale and established complimentary services ensure these costs are managed across the facility. This will present an additional challenge for the library.</li> </ul> <p>Based on our observations above we would identify a risk as to whether the £6 per child profit is achievable.</p> <p>We also considered volumes:</p> <ul style="list-style-type: none"> <li>• The business plan assumes four children’s parties per week with 15 children per party. There is currently no market research or market testing supporting that these volumes would be available.</li> <li>• The parties would be relatively bespoke in nature. Our understanding is that these would be tailored around the existing features of the library and therefore focused, for example, on book themes. This more restrictive and bespoke nature will therefore present a risk that the target audience and demographic is more limited and thereby making the volumes more challenging to achieve.</li> </ul>

<i>Assumptions within the Business Plan</i>	<i>PwC Comments</i>
	<ul style="list-style-type: none"> <li>At current volumes the Dolphin Centre is delivering between six and eight parties per week. This is based on an existing depth of offering, variety, availability of other facilities and experience. With the smaller, more bespoke and less central venue, there appears to be a clear risk that volumes may not be achievable, in particular in the absence of any detailed market research. Our analysis above also identifies a number of local competitors indicating a challenging economic environment for a new entrant.</li> </ul> <p>We also noted more general observations including:</p> <ul style="list-style-type: none"> <li>Much of the organisation and coordination may again fall on the General Manager, further increasing responsibilities.</li> <li>There are currently no firm proposals for who would deliver these parties, including all associated customer service, making it difficult to fully understanding any pricing model.</li> <li>There is overlap here with the assumptions around room hire. The same rooms would be required to deliver children’s parties as would be available for standard hire and there is no adjustment in the business plan for this. This would therefore place pressure on the achievement of targets for both room hire and children’s parties.</li> <li>In business plan assume a consistent delivery of parties for 50 weeks with no allowance for seasonal variations or reduced demand in certain weeks.</li> </ul>
<p><b>Shop area in café</b></p> <p>As part of the café conversion a small area is proposed in the Plan to be used as a shop. Proposed net income from the shop is £12,000 in year 1 increasing to £13,500 in year 2 and £15,000 in year 3.</p> <p>This based on a 10% conversion rate from footfall with an average spend of £2.50 per person.</p>	<p>The business plan assumes one in every 10 visitors will spend £2.50 within the shop, with each transaction assuming a margin of 50%. We have compared this with shops in other local facilities and while the margin is comparable, the detailed analysis of what products would be sold and whether these would attract a similar level of profitability is still in development. It is therefore difficult to assess profitability. With a generally assumed profit margin applied to an as yet undetermined range of products clearly presents a risk.</p> <p>We understand that the as part of the business plan the volumes and profitability have been compared with other tourist venues. Whilst this can be indicative, the library is not strictly a tourist venue and attracts more repeat visitors than unique visitors. There is therefore clearly a risk that volumes and margins will be achieved.</p> <p>The business plan also assumes growth in both years 2 and 3. It is as yet unclear as to where and how that growth would be achieved. Whilst some linkage could be made to proposed increased volumes of children’s parties and any associated sales, without clear market evidence of the sustainable demand for either, the assumed increases present a clear challenge.</p> <p>As above, the business plan assumes one staff member to run the café and associated shop. There is no contingency built into the plan for additional costs. For example, whilst one staff member in an environment with established infrastructure may be sufficient, there may be need for additional staff members to accommodate the proposed volumes, in particular on busy days. Other factors such as purchasing, health and safety, stock management and cashiering will all need to be factored into the responsibilities of existing staff. As such there is a risk that insufficient cost has been factored into the model. Certain responsibilities may fall onto the General Manager, increasing the workload and expectation on this role.</p>

<i>Assumptions within the Business Plan</i>	<i>PwC Comments</i>
<p><b>Music and creative events</b></p> <p>The Plan proposes the use of facilities and rooms at the library for music and creative events. Proposed net income from these events is £11,100 per annum across the three years.</p> <p>This is based on 12 music events and 20 seasonal / creative events per year.</p>	<p>As described opposite, the business plan here assumes a total of 32 events across the year. Currently the income expectation from these events is developed based on past experience of similar events. As such this makes it difficult for us to form any meaningful comparison. However we have made the following observations:</p> <ul style="list-style-type: none"> <li>• The issue of duplication is again relevant. These events may often require the same rooms and facilities as are available for standard hire and children’s parties which therefore restricts the ability to deliver volumes across all areas and this has not currently not been accounted for within the business plan.</li> <li>• Much of the coordination of these events would again rest with the General Manager. Currently no additional contingency has been built into the business plan where the time of the General Manager proves to be insufficient.</li> <li>• Whilst a number of ideas have been generated, there is currently no clear plan identifying what these events would be, when they would be run and who would organise and run them.</li> <li>• There is no direct market research to identify a demand for these events and whether they would indeed generate the volumes and income proposed.</li> <li>• The proposed volumes would require a degree of regular innovation to ensure the events remain relevant and do not lose appeal. This investment would need to come from the existing resources available.</li> </ul> <p>As such the uncertainty clearly presents a risk to the achievement of the business plan.</p>
<p><b>Pop-up shops</b></p> <p>The Plan proposes the use of facilities and rooms at the library for events for pop-up shops. Proposed net income from these events is £10,000 per annum across the three years.</p> <p>This is based on 12 weekday and 12 weekend day pop up shop events per year plus two seasonal fayres.</p>	<p>As above, the income expectations for these events have been generated based on the experience of the individuals preparing the business case and the bespoke nature makes it difficult to provide meaningful comparison. A number of observations raised above are relevant here though in that:</p> <ul style="list-style-type: none"> <li>• The issue of duplication is again relevant. These events would require the same rooms and facilities as are available for standard hire, children’s parties and music and creative and events which therefore restricts the ability to deliver volumes across all areas and this has not currently not been accounted for within the business plan.</li> <li>• Much of the coordination of these events would again rest with the General Manager. Currently no additional contingency has been built into the business plan where the time of the General Manager proves to be insufficient.</li> <li>• There is no direct market research to identify a demand for these events and whether they would indeed generate the volumes and income proposed. For example, whether the footfall at the library would be sufficient to sustain such an event and whether there are sufficient pop-up shops with a willingness to come to Darlington on a consistent basis to make the events sustainable.</li> </ul> <p>As such the uncertainty clearly presents a risk to the achievement of the business plan.</p>

<i>Assumptions within the Business Plan</i>	<i>PwC Comments</i>
<p><b>Reprographics</b></p> <p>The Plan proposes the enhancement of existing IT facilities at the library site to include printing and reprographics services. Proposed net income from these services is £5,000 in year 1 increasing to £7,500 in year 2 and £10,000 in year 3.</p> <p>The current figures are anticipated earnings based on analysis of similar businesses.</p>	<p>Currently this proposal is in early stages of development and has been informed initially by reference to an existing reprographics facility at the University of Teesside.</p> <p>The proposal is based on incorporating an additional service into the existing IT suite services at the library. Whilst there may be appetite for these services, there is currently no clear analysis of demand. There are established competitor services within the town centre and therefore these is clear risk to achievement of this revenue stream.</p>
<p><b>Second hand book donations</b></p> <p>The plan proposed the sale of second books from the site, supplied by donations. Income from book sales would be £5,000 per annum across each of the three years.</p> <p>The proposed income figures are based on those of a comparable organisation.</p>	<p>The proposed income levels of £5,000 are based on an existing established facility elsewhere in the region. Whilst this can provide some indication, our understanding is that this established facility is part of a wider popular tourist area attracting a consistent volume of unique visitors.</p> <p>It therefore clearly presents a challenge to a more bespoke and tailored library service to deliver book sales to the same volume.</p>

# Appendix 1 – Summary financial information

## Summary financial information from Appendix 3 of the Business Case

Annual Cost Savings Year 1				
	DBC - Option 1 - Dolphin Centre	DBC - Option 2 - Crown Street	Trust - Option 3	
Staffing	£ 220,000	£ 150,000	£ 120,000	
Supplies and Services	£ 60,000	£ 60,000	£ 60,000	
Building Costs	£ 120,000	£ -	£ 80,000	
Financing for refurb	-£ 73,000	-£ 47,000	-£ 21,000	
Opportunity Cost - Current Meeting Room Income	-£ 12,000	£ -	-	
Opportunity Cost - Alternate use of Space Vacated by Registry Office	-£ 20,000	£ -	-	
Storage Costs (eg DAD)	-£ 20,000	£ -	-	
Additional Income		£ 10,000		
Security Cost for Crown Street	-£ 70,000			
Annual Saving	£ 205,000	£ 173,000	£ 239,000	
Savings Compared to Option 1		-£ 32,000	£ 34,000	
Annual Cost Savings Year 2				
	DBC - Option 1 - Dolphin Centre	DBC - Option 2 - Crown Street	Trust - Option 3	
Staffing	£ 220,000	£ 150,000	£ 120,000	
Supplies and Services	£ 60,000	£ 60,000	£ 60,000	
Building Costs	£ 120,000	£ -	£ 110,000	
Financing for refurb	-£ 73,000	-£ 47,000	-£ 21,000	
Opportunity Cost - Current Meeting Room Income	-£ 12,000	£ -	-	
Opportunity Cost - Alternate use of Space Vacated by Registry Office	-£ 20,000	£ -	-	
Storage Costs (eg DAD)	-£ 20,000	£ -	-	
Additional Income		£ 10,000		
Annual Saving	£ 275,000	£ 173,000	£ 269,000	
Savings Compared to Option 1		-£ 102,000	-£ 6,000	
Annual Cost Savings Year 3 and beyond				
	DBC - Option 1 - Dolphin Centre	DBC - Option 2 - Crown Street	Trust - Option 3	
Staffing	£ 220,000	£ 150,000	£ 120,000	
Supplies and Services	£ 60,000	£ 60,000	£ 60,000	
Building Costs	£ 120,000	£ -	£ 140,000	
Financing for refurb	-£ 73,000	-£ 47,000	-£ 21,000	
Opportunity Cost - Current Meeting Room Income	-£ 12,000	£ -	-	
Opportunity Cost - Alternate use of Space Vacated by Registry Office	-£ 20,000	£ -	-	
Storage Costs (eg DAD)	-£ 20,000	£ -	-	
Additional Income		£ 10,000		
Annual Saving	£ 275,000	£ 173,000	£ 299,000	
Savings Compared to Option 1		-£ 102,000	£ 24,000	

Summary of Crown Street Costs and Income				
		Yr 1	Yr 2	Yr 3
Premises Costs	£	155,000	£ 145,000	£ 145,000
General Manager	£	20,000	£ 20,000	£ 20,000
Services Contracted Out	£	5,000	£ 5,000	£ 5,000
Asset Purchase	£	5,000	£ 5,000	£ 5,000
<b>Total Costs</b>	<b>£</b>	<b>185,000</b>	<b>£ 175,000</b>	<b>£ 175,000</b>
		Yr 1	Yr 2	Yr 3
Income	£	105,000	£ 125,000	£ 155,000
DBC Support / Rent	£	80,000	£ 50,000	£ 20,000
<b>Total Income</b>	<b>£</b>	<b>185,000</b>	<b>£ 175,000</b>	<b>£ 175,000</b>

Projected Annual Income by Year				
		Year 1	Year 2	Year 3
Room Hire	£	20,500	£ 28,000	£ 44,250
Cafe	£	31,000	£ 36,000	£ 41,000
Childrens Parties	£	10,000	£ 14,000	£ 18,000
Shop Area in Cafe	£	12,000	£ 13,500	£ 15,000
Music and Creative Events	£	11,100	£ 11,100	£ 11,100
Pop-Up Shops	£	10,000	£ 10,000	£ 10,000
Printing / Reprographics	£	5,000	£ 7,500	£ 10,000
Second Hand Book Donations	£	5,000	£ 5,000	£ 5,000
<b>Grand Total</b>	<b>£</b>	<b>104,600</b>	<b>£ 125,100</b>	<b>£ 154,350</b>

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