

APPENDIX 5
MODEL BUSINESS PLANS

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MODEL BUSINESS PLANS FOR FACILITIES

FACILITY Sports Hall

Operational Business Plan

INCOME AREA	£
Sports Hall – general hire	113,501
Sports Hall – elite hire	73,457
Vending	29,558
TOTAL	216,516

EXPENDITURE AREA	£
Staffing Costs	123,135
Utilities	15,785
Lifecycle Costs	50,100
Repairs and Maintenance	15,785
Advertising and Marketing	4,186
Insurances	22,500
Cleaning	15,785
Miscellaneous Costs	5,413
Administration Costs	6,157
Central Costs	5,413
Contingency and Profit	10,826
Catering – Costs of Sales	13,076
TOTAL	288,161

Operational Surplus / (Deficit) (71,645)

Sensitivity Analysis

AMENDMENT	VARIANCE	INCOME (£)	EXPENDITURE (£)	OPERATIONAL SURPLUS / (DEFICIT) (£)
Increased Income	10%	238,167	288,161	(49,993)
Reduced Income	10%	194,864	288,161	(93,297)
Increased Expenditure	10%	216,516	316,977	(100,461)
Reduced Expenditure	10%	216,516	259,345	(42,829)
Increased Staff Costs	10%	216,516	300,474	(83,959)
Reduced Staff Costs	10%	216,516	275,847	(59,332)

MODEL BUSINESS PLANS FOR FACILITIES

Key Performance Indicators

PERFORMANCE INDICATOR	VALUE
Staff Costs as a percentage of income	57%
Income per square metre	£68.58
Subsidy per square metre	£(22.69)
Income per visit	£1.52
Subsidy per visit	£(0.50)
Catering Net Margin	56%

Key Assumptions

- The business plan assumes some level of elite use (from basketball, badminton and volleyball).
- The income-generating capacity of the sports hall will depend very much on the balance of elite use and community use between peak and off-peak periods.
- The business plan assumes the following mix of facility usage;
 - Community 75%
 - Elite 25% (50% at peak times, 50% at off-peak times)
- The business plan assumes a standard peak-time price for badminton court hire of £8 per hour for community users and £6.40 per hour for elite users.
- The business plan treats the sports hall as a standalone facility and therefore incorporates costs for senior management. It is anticipated that staffing economies of scale will be achieved by combining the sports hall with other facilities.
- Utilities costs have been calculated at a level of £5 per square metre per annum.
- Repairs and maintenance costs (other than lifecycle costs) have been calculated at a level of £5 per square metre per annum.
- Cleaning costs have been calculated at a level of £5 per square metre per annum.
- Lifecycle costs are calculated as 1.67% of initial capital cost of the facility.
- No NNDR allowances are included due to the differences between areas and management types. Applicants will need to add NNDR according to their regional costs and proposed management routes.

MODEL BUSINESS PLANS FOR FACILITIES

FACILITY Athletics / Rugby Stadium

Operational Business Plan

INCOME AREA	£
Sports Events – Sales	316,992
Sports Events – Advertising	140,885
Sports Events – Merchandising	52,832
Non-Sports Events - Sales	325,120
Non-Sports Events - Advertising	27,094
Non-Sports Events - Merchandising	108,373
Stadium Hire	91,033
Catering	635,675
TOTAL	1,698,005

EXPENDITURE AREA	£
Staffing Costs	861,792
Utilities	52,530
Lifecycle Costs	206,095
Repairs and Maintenance	52,530
Advertising and Marketing	29,019
Insurances	92,558
Cleaning	52,530
Miscellaneous Costs	42,450
Administration Costs	186,177
Central Costs	42,450
Contingency and Profit	84,900
Catering – Costs of Sales	270,486
Merchandising – Cost of Sales	50,638
TOTAL	2,024,155

Operational Surplus / (Deficit) (326,150)

MODEL BUSINESS PLANS FOR FACILITIES

Sensitivity Analysis

AMENDMENT	VARIANCE	INCOME (£)	EXPENDITURE (£)	OPERATIONAL SURPLUS / (DEFICIT) (£)
Increased Income	10%	1,867,806	2,024,155	(156,350)
Reduced Income	10%	1,528,205	2,024,155	(495,951)
Increased Expenditure	10%	1,698,005	2,226,571	(528,566)
Reduced Expenditure	10%	1,698,005	1,821,740	(123,735)
Increased Staff Costs	10%	1,698,005	2,110,335	(412,329)
Reduced Staff Costs	10%	1,698,005	1,937,976	(239,971)

Key Performance Indicators

PERFORMANCE INDICATOR	VALUE
Staff Costs as a percentage of income	51%
Income per square metre	£161.62
Subsidy per square metre	£(31.04)
Income per visit	£8.33
Subsidy per visit	£(1.60)
Catering Net Margin	57%

Key Assumptions

- The most significant factor in the income-generating potential of the facility is the number of events hosted by the stadium. The business plan assumes a certain level of sporting and non-sporting events and, for each event, assumes spectator numbers, spend per head and advertising revenue. The level of income incorporated into the business plan depends significantly on the intended treatment of ticket sales revenue.
- The business plan includes the following assumptions regarding events:
 - Number of events = 32 (sports) and 8 (non-sports)
 - Average attendance = 3,000 (sports) and 8,000 (non-sports)
 - Merchandising spend per head = £2.50 (sports) and £10 (non-sports)
 - Catering spend per head = £3
- The business plan assumes that the stadium will have a resident rugby club playing approximately 20 home games each season.

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- The business plan also assumes that the stadium will be available for hire.
- Although the facility incorporates a small fitness room, the business plan has not assumed any income from this area. At this stage, it is assumed that this area will be offered as a secondary facility to serve elite users.
- The business plan incorporates staffing costs which provide a balanced approach, maintaining sufficient minimum staff at quiet times and providing full staff supervision of each event.
- Utilities costs have been calculated at a level of £5 per square metre per annum.
- Repairs and maintenance costs (other than lifecycle costs) have been calculated at a level of £5 per square metre per annum.
- Cleaning costs have been calculated at a level of £5 per square metre per annum.
- Lifecycle costs are calculated as 1.67% of initial capital cost of the facility.
- No NNDR allowances are included due to the differences between areas and management types. Applicants will need to add NNDR according to their regional costs and proposed management routes.

MODEL BUSINESS PLANS FOR FACILITIES

FACILITY **Indoor Arena**

Operational Business Plan

INCOME AREA	£
Sports Events – Sales	191,155
Sports Events – Advertising	106,197
Sports Events – Merchandising	79,647
Non-Sports Events - Sales	1,019,490
Non-Sports Events - Advertising	141,595
Non-Sports Events - Merchandising	566,384
Arena Hire	161,066
Catering	1,300,320
TOTAL	3,565,852

EXPENDITURE AREA	£
Staffing Costs	1,090,313
Utilities	128,685
Lifecycle Costs	287,240
Repairs and Maintenance	128,685
Advertising and Marketing	53,018
Insurances	129,000
Cleaning	85,790
Miscellaneous Costs	89,146
Administration Costs	217,761
Central Costs	89,146
Contingency and Profit	178,293
Catering – Costs of Sales	530,262
Merchandising – Cost of Sales	155,319
TOTAL	3,162,658

Operational Surplus / (Deficit) 403,195

MODEL BUSINESS PLANS FOR FACILITIES

Sensitivity Analysis

AMENDMENT	VARIANCE	INCOME (£)	EXPENDITURE (£)	OPERATIONAL SURPLUS / (DEFICIT) (£)
Increased Income	10%	3,922,438	3,162,658	759,780
Reduced Income	10%	3,209,267	3,162,658	46,609
Increased Expenditure	10%	3,565,852	3,478,924	86,929
Reduced Expenditure	10%	3,565,852	2,846,392	719,460
Increased Staff Costs	10%	3,565,852	3,271,689	294,163
Reduced Staff Costs	10%	3,565,852	3,053,626	512,226

Key Performance Indicators

PERFORMANCE INDICATOR	VALUE
Staff Costs as a percentage of income	31%
Income per square metre	£207.82
Subsidy per square metre	£23.50
Income per visit	£8.56
Subsidy per visit	£0.97
Catering Net Margin	59%

Key Assumptions

- The most significant factor in the income-generating potential of the facility is the number of events hosted by the arena. The business plan assumes a certain level of sporting and non-sporting events and, for each event, assumes spectator numbers, spend per head and advertising revenue. The level of income incorporated into the business plan depends significantly on the intended treatment of ticket sales revenue.
- The business plan includes the following assumptions regarding events:
 - Number of events = 15 (sports) and 20 (non-sports)
 - Average attendance = 3,000 (sports) and 8,000 (non-sports)

MODEL BUSINESS PLANS FOR FACILITIES

- Merchandising spend per head = £5 (sports) and £10 (non-sports)
 - Catering spend per head = £3
- The business plan also assumes that the central area of the arena will be available for other non-event based activity, and that the arena itself will be available for general hire.
- The business plan incorporates staffing costs which provide a balanced approach, maintaining sufficient minimum staff at quiet times and providing full staff supervision of each event.
- Lifecycle costs are calculated as 1.67% of initial capital cost of the facility.
- No NNDR allowances are included due to the differences between areas and management types. Applicants will need to add NNDR according to their regional costs and proposed management routes.

MODEL BUSINESS PLANS FOR FACILITIES

FACILITY Indoor Training Facility

Operational Business Plan

INCOME AREA	£
Pitch – community hire	149,847
Pitch – NGB hire	32,281
Pitch – pro club hire	47,323
Athletics – general hire	51,587
Athletics – elite hire	27,100
Grass Pitches	21,136
Vending	41,468
TOTAL	370,742

EXPENDITURE AREA	£
Staffing Costs	148,181
Utilities	43,047
Lifecycle Costs	184,912
Repairs and Maintenance	43,047
Advertising and Marketing	7,174
Insurances	83,044
Cleaning	43,047
Miscellaneous Costs	9,269
Administration Costs	7,409
Central Costs	9,269
Contingency and Profit	18,537
Catering – Costs of Sales	18,346
TOTAL	615,280

Operational Surplus / (Deficit) (244,540)

Sensitivity Analysis

AMENDMENT	VARIANCE	INCOME (£)	EXPENDITURE (£)	OPERATIONAL SURPLUS / (DEFICIT) (£)
Increased Income	10%	407,816	615,280	(207,464)
Reduced Income	10%	333,668	615,280	(281,613)
Increased Expenditure	10%	370,742	676,808	(306,066)
Reduced Expenditure	10%	370,742	553,752	(183,010)
Increased Staff Costs	10%	370,742	630,098	(259,356)
Reduced Staff Costs	10%	370,742	600,462	(229,720)

MODEL BUSINESS PLANS FOR FACILITIES

Key Performance Indicators

PERFORMANCE INDICATOR	VALUE
Staff Costs as a percentage of income	40%
Income per square metre	£25.84
Subsidy per square metre	£(17.04)
Income per visit	£1.26
Subsidy per visit	£(0.83)
Catering Net Margin	56%

Key Assumptions

- The key to the income-generating potential of this facility is the extent of flexibility of the main indoor football space. Whilst it is anticipated that this space will predominantly be used as a single, full-size pitch, there is scope for the area to be subdivided into two or more spaces.
- As well as community and elite usage of the facilities, the business plan also assumes some level of usage by one or more professional football clubs. The likely timing of this usage (i.e. peak or off-peak times) will have an important effect on the overall income generation. The business plan assumes the following mix of facility usage;
 - Community 70%
 - Elite 20% (50% at peak times, 50% at off-peak times)
 - Professional Club 10% (all at off-peak times)
- The business plan assumes a standard peak-time price for whole hall hire of £150 per hour for professional club users, £120 per hour for community users and £90 per hour for elite users.
- The business plan treats the indoor dome as a standalone facility and therefore incorporates costs for senior management. It is anticipated that staffing economies of scale will be achieved by combining the dome with other facilities. In particular, it is anticipated that the indoor dome could be usefully combined with outdoor or indoor five-a-side pitches and/or grass pitches. Such additions would add to the commercial viability of the facility and reduce the operating subsidy.
- Utilities costs have been calculated at a level of £3 per square metre per annum.
- Repairs and maintenance costs (other than lifecycle costs) have been calculated at a level of £3 per square metre per annum.
- Cleaning costs have been calculated at a level of £3 per square metre per annum.
- Lifecycle costs are calculated as 1.67% of initial capital cost of the facility.

MODEL BUSINESS PLANS FOR FACILITIES

- No NNDR allowances are included due to the differences between areas and management types. Applicants will need to add NNDR according to their regional costs and proposed management routes.

MODEL BUSINESS PLANS FOR FACILITIES

FACILITY **Velodrome**

Operational Business Plan

INCOME AREA	£
Track – individual use	188,440
Track – general hire	116,294
Track – elite hire	109,116
Equipment hire	14,357
Other Sports	29,193
Room hire	33,596
Catering	51,710
TOTAL	542,708

EXPENDITURE AREA	£
Staffing Costs	260,960
Utilities	48,355
Lifecycle Costs	129,258
Repairs and Maintenance	72,533
Advertising and Marketing	10,106
Insurances	58,050
Cleaning	48,355
Miscellaneous Costs	13,568
Administration Costs	11,947
Central Costs	13,568
Contingency and Profit	27,135
Catering – Costs of Sales	22,520
TOTAL	716,354

Operational Surplus / (Deficit) (173,646)

Sensitivity Analysis

AMENDMENT	VARIANCE	INCOME (£)	EXPENDITURE (£)	OPERATIONAL SURPLUS / (DEFICIT) (£)
Increased Income	10%	596,979	716,354	(119,375)
Reduced Income	10%	488,437	716,354	(227,917)
Increased Expenditure	10%	542,708	787,989	(245,281)
Reduced Expenditure	10%	542,708	644,718	(102,010)
Increased Staff Costs	10%	542,708	742,450	(199,742)
Reduced Staff Costs	10%	542,708	690,258	(147,550)

MODEL BUSINESS PLANS FOR FACILITIES

Key Performance Indicators

PERFORMANCE INDICATOR	VALUE
Staff Costs as a percentage of income	48%
Income per square metre	£56.12
Subsidy per square metre	£(20.36)
Income per visit	£4.33
Subsidy per visit	£(1.57)
Catering Net Margin	55%

Key Assumptions

- The business plan assumes a particular mix of elite, community club and casual usage of the facility. The nature of this mix is critical to the income-generating potential of the facility.
- The business plan assumes the following mix of facility usage;
 - Community club hire 30%
 - Elite group hire 30%
 - Individual usage 40%
- Although the facility incorporates a small fitness room, the business plan has not assumed any income from this area. At this stage, it is assumed that this area will be offered as a secondary facility to serve elite users.
- The business plan assumes a standard peak-time price for hire of the whole track of £120 per hour for community users and £96 per hour for elite users. It further assumes a standard peak-time price for individual use of the track of £7.50 per hour.
- Utilities costs have been calculated at a level of £5 per square metre per annum.
- Repairs and maintenance costs (other than lifecycle costs) have been calculated at a level of £7.50 per square metre per annum.
- Cleaning costs have been calculated at a level of £5 per square metre per annum.
- Lifecycle costs are calculated as 1.67% of initial capital cost of the facility.
- No NNDR allowances are included due to the differences between areas and management types. Applicants will need to add NNDR according to their regional costs and proposed management routes.

MODEL BUSINESS PLANS FOR FACILITIES

FACILITY **Curling Centre**

Operational Business Plan

INCOME AREA	£
Sheets – individual use	174,357
Sheets – general hire	64,562
Sheets – elite hire	60,577
Equipment hire	6,642
Room hire	31,085
Catering	71,211
TOTAL	408,433

EXPENDITURE AREA	£
Staffing Costs	206,293
Utilities	53,600
Lifecycle Costs	49,232
Repairs and Maintenance	40,200
Advertising and Marketing	7,889
Insurances	22,110
Cleaning	13,400
Miscellaneous Costs	10,211
Administration Costs	8,727
Central Costs	10,211
Contingency and Profit	20,422
Catering – Costs of Sales	31,504
TOTAL	473,797

Operational Surplus / (Deficit) £(65,364)

Sensitivity Analysis

AMENDMENT	VARIANCE	INCOME (£)	EXPENDITURE (£)	OPERATIONAL SURPLUS / (DEFICIT) (£)
Increased Income	10%	449,276	473,797	(24,521)
Reduced Income	10%	367,589	473,797	(106,208)
Increased Expenditure	10%	408,433	521,177	(112,744)
Reduced Expenditure	10%	408,433	426,417	(17,985)
Increased Staff Costs	10%	408,433	494,426	(85,994)
Reduced Staff Costs	10%	408,433	453,168	(44,735)

MODEL BUSINESS PLANS FOR FACILITIES

Key Performance Indicators

PERFORMANCE INDICATOR	VALUE
Staff Costs as a percentage of income	51%
Income per square metre	£152.40
Subsidy per square metre	£(24.39)
Income per visit	£2.36
Subsidy per visit	£(0.38)
Catering Net Margin	55%

Key Assumptions

- The business plan assumes a particular mix of elite, community club and casual usage of the facility. The nature of this mix is critical to the income-generating potential of the facility.
- The business plan assumes the following mix of facility usage;
 - Community club hire 30%
 - Elite group hire 30%
 - Individual usage 40%
- Although the facility incorporates a small fitness room, the business plan has not assumed any income from this area. At this stage, it is assumed that this area will be offered as a secondary facility to serve elite users.
- The business plan assumes a standard peak-time price for sheet hire of £12 per hour for community users and £9.60 per hour for elite users.
- The business plans assume considerable premises costs associated with the ice facilities.
- Utilities costs have been calculated at a level of £20 per square metre per annum.
- Repairs and maintenance costs (other than lifecycle costs) have been calculated at a level of £15 per square metre per annum.
- Cleaning costs have been calculated at a level of £5 per square metre per annum.
- Lifecycle costs are calculated as 1.67% of initial capital cost of the facility.
- No NNDR allowances are included due to the differences between areas and management types. Applicants will need to add NNDR according to their regional costs and proposed management routes.