

Name of report	Business Plan FY18-19
Purpose	To present the Business Plan for the next 12 months
Agenda number	11
Date of Board Meeting	15 ^h June 2018
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Summary

The following schedules' summarise the financial plan for the forthcoming financial year (2018-19).

ASV has conducted an extensive "bottom up" approach in the construction of its financial plan, asking all relevant Budget Holders to not only continually challenge the cost base but also to identify areas where additional Income can be generated in response to the ongoing reduction in Partner Funding.

The current year (FY17-18) Forecast is to deliver a small surplus.

Partner funding is planned to decrease by a further £28k in FY18-19, representing the remaining 3% reduction from ACC as part of the larger 15% reduction, over three years, taken by both Partners. To summarise -

UoA - 10% reduction in FY16-17 and 5% in FY17-18

ACC - 2% reduction in FY16-17, 10% reduction in FY17-18 and the remaining 3% reduction in FY18-19.

Despite this further reduction in funding, the Senior Management Team (SMT) are presenting a Plan that will hopefully allow for a Break Even position to be delivered in FY18-19.

The main movements within the Plan can be shown in the following "bridge" which highlights the key areas which take the business from the current year forecast to the next financial year plan:

<u>Financial "Bridge"</u>	<u>£'000</u>
Current Year Forecast (FY17-18)	3
Partner Funding	(28)
Membership	20
Catering Income	18
Facility Price rises	47
Salary increase	(69)
Additional Staff	(89)
Catering savings	28
Net Overhead movement	20
Lifecycle reserve	50
Business Plan (FY18-19)	0

Assumptions

Partner Funding – As noted above, the final reduction as part of the larger 3 year agreement sees a further £28k reduction in funding in financial year 2018-19.

Membership – Currently, the business is averaging 7,085 members (prior year 6,819 members) – the business plan assumes a small increase to this bringing the number to an average of 7,143 – yield has been maintained at the current run rate average of £20 per member (prior year average £19 per member).

Catering – Following the recent rebranding of the Café and the many changes initiated by the new team, there is an expectation of increased footfall and spend in this area. This has been reflected in the Business Plan with an additional £18k of income budgeted.

Facility Hire – an average of 3.5% has been levied across the hire prices recognising, not only inflationary pressure but, the additional cost associated to maintain and replace kit and equipment. This is expected to generate £47k of Income if existing levels of demand are maintained.

Salary Increases – An across the board 2% salary increase has been applied to staff costs reflecting the annual cost of inflation. In terms of ongoing staff morale and motivation, the SMT would like the Remuneration Committee to approve the 2% which will allow us to include it as part of the new Pay & Grade communications in time for Aug 1 implementation.

Additional Staff – There have been numerous unfilled positions from the prior year which are now impacting on the day to day operations and as such these have been budgeted for next year. In particular, we have identified some additional staff requirement within Marketing, Admin, Cleaning, Catering and the Operations teams' equivalent to circa 5 persons. There has also been some cost included for the part-time Data Protection Officer (DPO) previously agreed at the last Board meeting.

Net Overhead Savings – Within the remaining expenditure categories, there has been a decrease in costs largely associated with a bettering of rates on the Catering side of the business obtained from suppliers following the changes mentioned previously.

Lifecycle - Last year, ASV included an additional £50k towards the Aquatic Centre performance camera system. This is obviously not required for the new financial year and therefore Lifecycle reserve contribution reverts back to the £411k previously agreed.