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Introduction

The Local Councils Consultancy (LCC), the consultancy arm of the Society of Local Council Clerks, has been appointed to produce a Business Plan for Mountsorrel Parish Council (MPC). From the start of the assignment it was clear that the financial and legal significance of the Mountsorrel Memorial Centre (MMC) is the dominant issue that the MPC has to resolve, and so this Report addresses business planning for the MMC rather than the Council as a whole. This Plan follows an Interim Report produced in December 2020.

This document is in two sections:

- A. This sets out the background on which the Business Plan is based. It includes some repetition of matters raised in my Interim Report of December 2020.
- B. The day to day Business Plan: designed to be a template for the operation of the MMC, including financial goals and performance targets. This is a working document and is intentionally concise in order to maintain focus on key issues.

The author would like to thank councillors, the Clerk, the Administration Assistant and MMC staff for their help in providing information in the compilation of this Plan.

Section A. Context

A.1 Summary

2.1 During my discussions and research for this assignment I have drawn on a number of reports prepared by councillors and staff, all of which demonstrate a consistency of approach and ambition for the MMC. In particular I would highlight reports written by Cllr Pirt and Deborah Moore. I have concluded that what appears to be areas of significant divergence within the Council regarding the future of MMC, are actually legitimate alternative views capable of being reconciled.

'Opposing' Viewpoints	Consequence of the viewpoints	Reconciliation of viewpoints
<p>The MMC is a community asset capable of transforming the life of local residents and represents something to generate civic pride in a place that historically was regarded as a poor relation in comparison to other local villages.</p>	<p>MMC is a community asset and should be financially supported whatever the cost.</p>	<p>MMC is first and foremost a community venue, but also has the potential to generate significant income from events, which in themselves also benefit community cohesion.</p> <p>MMC should be managed 'professionally' in order to maximise its community and commercial potential.</p> <p>There should be targets which reinforce its goals whilst also ensuring that it has realistic plans and financial controls in place.</p>
<p>MMC is a potential asset, but it is not justifiable to impose a heavy tax burden on residents to support it, especially when costs are not properly controlled.</p>	<p>MMC is more a liability than an asset because there is a lack of financial controls, management and target setting.</p>	<p>Any operating subsidy provided by MPC on behalf of the residents must be reasonable, justifiable and subject to rigorous scrutiny.</p>

2.2 Essential components of this Plan are the creation of a charitable company, a management board to run the MMC and the recruitment of a Centre Manager. This will take a number of months at least, and it may be regarded as essential that the recruitment of a Centre Manager is delayed until the management board is in place. Under normal circumstances this might be an unacceptable delay in a vital appointment. However, it is my view that the current staffing team at the MMC, with appropriate support, could start implementing this Plan without a Manager in post, if they were confident that the appropriate management arrangements would be put in place in due course.

A.2 Background

A2.1 As addressed in detail in the Interim Report, the MMC is a rightly prized asset for the village, but it has become a source of contention and criticism for a number of reasons, which include:

- a) The lack of a clear Vision which has created an untenable tension between 'community' use and the pressure to generate income.
- b) The consequence of this situation is the attempt to be 'all things to all people', which in practice means an inherent process of consistently shifting priorities.
- c) This has led to those staff responsible for managing it being placed in an impossible position because individual councillors' expectations for the MMC are contradictory.
- d) The management structure for the MMC is not fit for purpose.
- e) As a consequence of the issues above, the level of continuing financial support required from the Precept without a clear short or medium term business plan is not a responsible course of action.
- f) The practical consequences of the lease agreement with the Mountsorrel War Memorials Trust (WMT) have created an onerous arrangement where MPC carries all the financial risk whilst having to fulfil the requirements of the Trust's charitable obligations.

A2.2 The fundamental issue that MPC has to resolve is the balance between its aspirations for the MMC and the willingness of residents to support these through the Precept. MPC has to create collective aspirations, goals and plans. These have to be carefully articulated, and performance of individuals and the Plan as a whole must be matched against them.

A2.3 Following legal advice taken in 2020, the MPC and the WMT have agreed on the principles of a future legal arrangement. These are

- a) The current lease agreement between the Trust and MPC must be replaced.
- b) The MMC should be operated by an independent charitable company.
- c) As the owners of the MMC, the Trust will grant a lease to the charitable company for the operation of the Centre.
- d) MPC will continue to support the MMC financially, in accordance with the charitable objectives of the new company and in line with the Council's own statutory responsibilities and powers.
- e) That MMC becomes accountable to an independent Management Board. This may include representatives of MPC and/or the Trust but is not subject to control by either of them.
- f) This new arrangement will ensure that both the Trust and the Parish Council have an arms-length legal and managerial relationship with the new charitable company.

A2.4 The requirement to put the governance arrangements for the MMC on a secure long-term legal basis is a high priority, not least because it is essential to having sound day to day operational management arrangements in place. However, this does not preclude the need to put in place and start to implement a Business Plan as soon as possible.

A2.5 This Plan therefore assumes the following:

- a) That the MMC will operate as a 'business' independent of the day to day operation of either MPC or the WMT. Not only are there unequivocal legal reasons for this to be the case, but also, this is the best way for the MMC to optimise its potential.
- b) The management board must be made up of individuals having capabilities relevant to the successful implementation of the legal obligations and Business Plan for the Centre.
- c) This Plan cannot answer all the questions relating to the future of the MMC. This will depend on a number of factors. However, in the short term it aims to create a direction of travel for the MMC to recover from the Covid-19 crisis, and to build the foundations for a successful long-term plan, being adaptable to changing circumstances.

Section B. Business Plan

B.1 Purpose

- B1.1 It is important to be clear what this Plan is, and what it is not. Any Business Plan is simply a template for the future, it is not a definitive set of instructions nor a predictor of success. It sets out the essentials of what the enterprise is seeking to achieve, in terms of what it provides, to whom, how it will do this and at what price. In doing so the Plan establishes a focus on priorities. As such it is essential to remember that the Strategy which drives the Business Plan includes what the enterprise plans to do, as well as what it is **not** going to do.
- B1.2 The actual performance outcomes of the Plan will be dependent on sound strategic decision-making and strong operational management. This Plan should be used to guide decisions about the future management, controls, performance targets and financial support for the MMC. As such, this takes a three-year view of the viability of the MMC. However, it cannot give definitive answers to every question. In fact it would be wrong to try and do so for the following reasons:
- a) The Plan needs to provide a template for action but must also encourage adaptability and responsiveness to community and market demands.
 - b) It must be regularly reviewed and respond to operational and market conditions.
 - c) The team implementing the Plan must regard it as 'theirs' in the sense that they are committed to the priorities and regard the goals as achievable.
- B1.3 The MMC is not a private commercial enterprise, but there is an essential lesson from that sector which needs to be highlighted. The most successful firms are almost always those which establish a service and product which customers value and are willing to pay for: they then build an efficient operating model around this in the expectation that profits will follow. Businesses that focus on profits first and foremost usually fail to provide what customers value and as a result have a high failure rate.
- B1.4 This principle applies to the MMC: provide the right 'product' and the desired customers will come. The enterprise will grow through loyalty, repeat business and recommendations. Retaining existing customers is much cheaper than trying to get new ones.

B1.5 Integral to the implementation of the Plan is the notion of opportunity cost, in terms of money, time and energy. In other words, doing one thing means there is less opportunity to do something else. This is why maintaining the focus on priorities is essential to success and ensures that the team who are implementing the Plan are clear on the direction of travel, and can judge their own performance against objectives, in a way which motivates them.

B1.6 This Plan comes at an opportune time for the MMC: the Covid-crisis has forced the closure of the Centre and created the opportunity to review its operation. The period from opening at the end of 2017 to closure in March 2020 is described as Phase 0. This period has been a key learning phase for the MMC. This Plan builds on that learning, with the reopening of the MMC being the start of Phase 1 of its long-term future. In other words, this Plan is not a continuation of Phase 0, it is a ‘resetting’ of aspirations and goals. In doing so it allows a line to be drawn under the past, and to build with a fresh start.

B1.7 The following table is a SWOT analysis of Phase 0.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experience gained by staff team. • Loyalty and commitment of the team to the success of MMC. • An understanding of the character and market position of MMC in order to enhance opportunities. • MMC has proved to be attractive to a diverse range of hirers. • An understanding of important operational and practical issues. 	<ul style="list-style-type: none"> • Over-complicated charging structure. • Some reputational damage in the community e.g. cancelling regular users to accommodate one-off business. • Lack of a Business Plan, sense of direction and clear priorities. • Well publicised disagreements within the Parish Council. • Dysfunctional line management arrangements.
Opportunities	Threats
<ul style="list-style-type: none"> • Building on lessons learnt and existing strengths. • Creation of a management board based on specific capabilities of board members. • Different types of hirers tend not to be competing for space at the same time. 	<ul style="list-style-type: none"> • The legal position between the building owners and the Council as tenants. • Repetition of previous mistakes especially line management and policy-making processes and decisions.

B.2 Vision and Mission

B2.1 The precise Vision and Mission for the MMC are yet to be agreed, but this Plan presumes that the following principles will be incorporated. *The Memorial Centre is a venue at the centre of the Mountsorrel community. It will seek to maximise the use of the Centre, prioritising community use, and also being a venue of choice for events, the income from which will help to financially support its long-term sustainability. It will*

fulfil the needs of the community by being forward looking, adaptable, professional and environmentally responsible.

INSERT AGREED VISION

INSERT AGREED MISSION

B2.2 The operational ethos which develops from the Vision and Mission is vitally important to the image and reputation of the MMC and is a critical success factor. This Plan assumes the following:

- a) The MMC is a venue for the local area and not just the village. In terms of being a venue for gigs, theatre and shows, it could aspire to regional significance.
- b) Day to day management needs to reflect that the MMC is not a large village hall run by volunteers on a hand to mouth basis, it is a professionally run venue, with strategic and operational plans.
- c) Whilst developing a reputation for high standards, MMC also needs an image of being a friendly venue, valued by the community as 'their' place.

B2.3 If MMC were purely commercial, a subsidy from the Council would be inappropriate. However, with mixed use, a subsidy is permissible if the management of the venue meets the following criteria:

- a) Non-community usages generate a commercial level of profit.
- b) 'Community' usage is explicitly defined.
- c) Overhead costs are set at a level appropriate to a well-managed commercial enterprise.
- d) The level of subsidy is forward planned, not open-ended.

B.3 Terminology

B3.1 Community

- a) All 'communities' are a collection of groups, which may or may not overlap, but which in aggregate create the particular characteristics of the village or town. The Vision for the MMC must be clear in identifying the priority groups and 'communities of interest' which it is seeking to support.
- b) The word 'community' and expressions like 'community benefit' are not self-explanatory. MPC will need to give practical meaning to these for this Plan to be achievable.

B3.2 Commercial

This is often seen as the opposite of 'community', and therefore in terms of priorities mutually exclusive. However, the business model for the MMC needs to be constructed on the basis of commercial and community working interdependently. In fact doing so is essential to its viability. The MMC is a 'business' in the context of being 'business-like' which suggests thoroughness in decision-making and implementation.

B3.3 Profit and loss

Income is not profit, nor is 'loss' necessarily negative. So, the assumption that all income is good is erroneous if the overhead cost of generating the income assumes

profit but is actually generating a loss. Similarly, agreeing that allowing the use of the facility by a community group at a 'loss' can be seen as a legitimate taxpayer subsidy to fulfil the essential role of the Council. The point is that decisions about income, expenditure, profit and 'loss' are made for clear and rational reasons.

B.4 Operations

- B4.1 The MMC is a community enterprise with a significant turnover, and the standards and expectations of performance must reflect a professional approach.
- B4.2 There are legal issues in relation to the current lease, and agreement on future arrangements, which are currently being addressed. Resolving these for the long-term is critical to the success of this Plan. However, the Plan can (and must) be implemented at the earliest opportunity: this will require transitional arrangements to be made.
- B4.3 The MMC has a solid basis on which to grow in that it has important lessons from Phase 0 and a capable and committed team of staff in place. The ongoing human resources required to achieve success will be the key financial and operational decision in the management of the enterprise. In this respect training is vital, so that roles are interchangeable, to the greatest extent they reasonably can. In practice this means that everyone is directly involved in customer service and sales, as the standards achieved, and the recommendations made by happy customers will be the best source of repeat and new business.
- B4.4 A specific marketing role is necessary, in order to target events business, which is essential to the financial plan. This includes social media and publicity, which has to be of a standard reflective of the goals and values of the enterprise.
- B4.5 There are two elements of organisational structure essential for the Business Plan to succeed.
- a) An operational manager with the experience and skills to motivate and lead the team in maintaining a focus on priorities, develop the MMC and ensure the continuation of high standards of customer service.
 - b) An independent management board to which the Manager reports. The board must be made up of people with the requisite skills and experience to support the Manager and the team in implementing the Business Plan.

B.5 Market Segmentation

- B5.1 Broadly, the MMC is targeting two types of customers i.e. Commercial and Community. The distinction between the two is **not** a matter of one being profitable and the other being a cost overhead. The distinction is useful shorthand, but the two objectives are not mutually exclusive, they simply reflect differing priorities for different types of users. For example, it could be considered that all of the commercial activity has an element of 'community' benefit e.g. weddings are a celebration for local families, business hirers are supporting employment and ticketed events provide entertainment for residents of Mountsorrel and the surrounding area.

B5.2 Within these categories there are important market segments. These are summarised in the table below.

Commercial (event hire)	Community (space hire)
<p>Charging a competitive market rate in order to generate profit. These activities may also create community value, but as a by-product of the commercial focus.</p>	<p>The priority is utilisation for activities creating Social Value. Charges are set at a realistic level, without undercutting other local community venues.</p>
<p>Weddings: getting the correct market segmentation, service standards and pricing for wedding events is the single most important part of profit-generation activity in the Plan.</p> <p>With a wedding licence, this includes ceremonies (with or without receptions), wedding receptions, and wedding related events (e.g. Mehndi parties).</p> <p>Ticketed events: e.g. gigs, theatre, shows. Risks relating to artist fees and ticket sales must be carefully assessed on a case by case basis. MMC has the potential to become a regional entertainment centre.</p> <p>Private hire: this includes hires for parties (adult and children), anniversaries, celebrations etc</p> <p>Business hire: e.g. meetings, training, conferences. The potential business hire is unclear, so this is a lower short-term priority for marketing effort than weddings and ticketed events.</p>	<p>Classes: these are activities organised by groups within the community. Broadly they will include those:</p> <ul style="list-style-type: none"> a) generating a modest income for the organiser e.g. dance and yoga. b) organised informally by people with particular interests or concerns e.g. craft clubs, support groups. c) commercial activities e.g. weight management groups operating as branches of a national franchise. <p>Statutory and VCSE (Voluntary, Community, Social Enterprise): the Vision and Mission may include encouraging organisations and groups into the MMC who fulfil specific purposes perhaps within a proactive agenda e.g. health and well-being, arts, heritage etc. Therefore groups may be specifically encouraged to use MMC because of the overt community benefit they produce.</p> <p>Community Businesses: e.g. utilising space for local start-ups.</p>
<p>Other sources of profit and utilisation</p> <p>Café: this should be seen as a food and beverage service, available within the café area, but also a business opportunity for events.</p> <p>Bar: ‘bar’ should be distinguished from ‘alcohol’. Non-alcoholic drinks generate a similar gross profit margin to alcohol. MMC must encourage the responsible consumption of alcohol on the premises. MMC controlling the café, so that it can utilise 2 bars for relevant events is a very important opportunity to generate profit.</p>	

B.6 Marketing

- B6.1 This section should be read in conjunction with the 'MMC Marketing Plan 2021' which highlights opportunities for cost-effective marketing.
- B6.2 Marketing is a key role for the Centre Manager and a dedicated part of one other role within the team. This is distinct from Sales, which is everyone's responsibility. It may be helpful to consider Marketing as focussed proactively on generating activity and Sales as focussed reactively on responding to actual and potential demand.
- B6.3 The key to success of the marketing plan is focus, in terms of time and effort. In effect the priority for the marketing plan is simply:
- a) The generation of new and repeat business, targeting those activities which generate the most profit, whilst developing the reputation of the Centre.
 - b) The promotion of activities fulfilling the Vision and Mission.
- B6.4 At the early stage of the Plan, community activities can be regarded as 'reactive' i.e. with good publicity and a simple and competitive charging policy for room hire, enquiries for classes, children's and adult parties and the like are likely to arise as a matter of course. Developing relationships with local groups is important, but the focus of marketing effort needs to be the longer lead-time bookings such as weddings, ticketed events and private hire parties. These events have the added benefit of generating bar (and possibly food) income.
- B6.5 The Market Segmentation table in the previous section gives a template for marketing priorities. To support this effort the following principles are essential:
- a) Charges for both events and space hire must be simple, clear and easy to convey to potential customers in a few sentences.
 - b) Package prices must be clear in what they include and what they cost.
 - c) Staff must be confident in being able to respond to questions from customers.
 - d) Business hire opportunities should not be overlooked when they arise, and their potential for generating profit through food and beverage sales should be assessed. However, this must not be at the expense of regular hirers.
- B6.6 **Post Covid opportunities.** At the time of writing it appears that a full re-opening of venues will not be for a number of months. Hopefully, a number of opportunities will arise as a direct consequence of the easing and/or removal of restrictions.
- a) Weddings and related events.** The postponement of weddings during 2020-21 will have created a significant level of demand which presents an opportunity for MMC. This will be greatly increased by having a wedding licence. Developing a clear proposition for this market should be an immediate high priority for the MMC.
 - b) Conferences and training.** The potential for using video as well as face to face for meetings and conferences raises the question of whether a hybrid business model may develop. Inevitably, whatever the new market looks like, cost will be a crucial factor and MMC will be competing with hotels and other venues, who will be aggressively competing for the business. Marketing MMC as a cost-effective venue for smaller conferences, meetings and training could be an opportunity, but should not be pursued in preference to other more profitable hirers.

B.7 Building Utilisation

- B7.1 An advantage for the MMC, learnt during Phase 0 and clearly understood by the staff, is that different target markets tend to use the building at different times of day. This is an operational asset which should be optimised as much as possible.
- B7.2 Careful consideration is required to creating designated blocks of time which are available for specific types of activity in order to optimise utilisation especially where multiple activities can be happening at the same time. This also leaves times in the week where one-off hirers, such as training events, might be accommodated.
- B7.3 When the MMC reopens, it is essential that community bookings are encouraged to be within designated blocks of time. This will help with utilisation and staff deployment and keep other times free to try and develop additional commercial or community uses.

B.8 Critical Success Factors and Key Performance Indicators

- B8.1 Key Performance Indicators need to be limited in number, simple, easy to measure, relevant to staff and integrated into day to day operational management.
- B8.2 Targets need to be more than financial, especially because of the specific role of the MMC. Achieving a complementary mix of commercial and community activity is entirely achievable, as long as the targets reflect this mix.
- B8.3 The MMC Management Board will need to produce targets and KPI's relevant to the charitable objectives of the company and to the Vision and Mission. Evaluation of all KPI's and targets will be a core element of the role of the Management Board and the Centre Manager and will be reviewed on an ongoing basis.
- B8.4 The following are not prescriptive but are suggestions for consideration:

Customer satisfaction (image and reputation)

- Measuring customer satisfaction
- Feedback survey after every event booking
- Retention rates
- Routine surveys of regular hirers. Formal and word of mouth.

Utilisation

- Number of itemised event bookings in relation to target.
- Identify how people heard of the Centre and why they have booked e.g. cost, convenience, service, recommendation.
- Room utilisation

Financial

- Profitability of events, by individual activity and types of events.
- Profitability of bar and café.
- Financial performance against budget: income, expenditure, level of subsidy.

B.9 Charging and Other Income

- B9.1 In Phase 0 the effort to generate income resulted in a fragmentation of pricing policy, resulting in an over complicated system, which lacked clarity for staff and hirers.
- B9.2 As described earlier there are two pricing models for MMC i.e. a charge for events (commercial) and a charge for room hire (community). Both of these need to be simple and consistent. 'Add-ons' should be kept to the absolute minimum, and only utilised where something is a genuinely exceptional item and/or is particularly costly to provide. The general principle is for prices to be inclusive and can (by exception) be reduced if a particular significant element included in the price is not required. However, the MMC should be confident in its charging policy and avoid the idea of negotiating with individual hirers, whether community or commercial.
- B9.3 A clear understanding of fixed and variable cost recovery as well as the market competition is essential to determining the optimum level of charging. If event activity cannot generate business at a rate which produces secure profit, then it should not be undertaken. The principle of 'loss leaders' is one that should be avoided and only utilised (if at all) as part of a carefully risk assessed plan for a new and potentially lucrative business opportunity.
- B9.4 The idea of 'taster' charges is different from loss leaders. For example, if a local group is starting up but is not sure whether it could be viable, offering an introductory discount for (say) five sessions is a reasonable decision: it is better for the MMC to have a reduced income than none at all, and may create a loyal regular hirer. Similarly, it is worth exploring whether there is a market for weddings on weekdays, perhaps at certain times of the year, like school holidays, and offer a reduced rate as a standard pricing policy.
- B9.5 In other words, if commercial activities are not generating profit then it is better not to hire out, whereas with community use all income can be seen as positive, unless it precludes use of the building for something which is a higher priority.
- B9.6 In phase 0 the MMC offered discounted rates for local hirers and charities. This policy should be carefully reconsidered. If it generates additional activity and profit that might not otherwise be achieved, then it has a positive impact. However, residents who do not use the MMC might regard it as unfair since their local tax is already being used to subsidise the Centre. An alternative to the discount model for regular hirers or one-off users (e.g. charities) is for MPC to consider grants to these organisations to the value of some or all of the hire cost.

B.10 Financial Plan

- B10.1 A financial plan is not a definitive prediction or inevitably self-fulfilling. Its purpose is to demonstrate the viability of a proposition. This is complicated in the case of the MMC where a balance has to be struck between financial demands and community usage. The MMC does not exist as a 'free resource' for the local community: the MPC subsidy is significant and has to be justified to local tax payers.

B10.2 The attached budget is therefore for guidance only, both in terms of format and content. The operating budget should be developed as the MMC evolves, containing detail specific to the operation of the enterprise. Accurate income figures segmented by activity and profitability will be necessary.

B10.3 There are many variables in this Business Plan, which significantly complicates the range of potential financial outcomes. The assumptions made in the financial plan are generally cautious, giving a reasonable degree of confidence to the following outcomes at the end of the three year period of the Plan.

- a) A balance of community and financial targets can be achieved but it is unrealistic to expect MMC to be financially self-supporting.
- b) However, the level of subsidy, which presumably will come from the Parish Council through the annual Precept, will be predictable, manageable and will decrease significantly from the current level if the Plan is successfully implemented.

B10.4 Financial Plan Assumptions

a) Income

- i. The Business Plan assumes a realistic level of bookings, on the assumption that all government restrictions on usage have been lifted and Year 1 of the plan can be started. The period before then is the opportunity to plan for full opening.
- ii. Income estimates have been worked up with reference to actual figures from 2019-20.
- iii. Bar (**and events?**) income has been set at a figure equivalent to 2019-20 actuals.
- iv. In Year 2 the assumption is that events income will increase by 43% and community hire by 50%. Bar income increases by one-third.
- v. The figures for the café are nominal and may be a significant under-estimate. This ensures that the overall plan has some contingency for other income figures not achieving expectations.
- vi. In Year 3 community hire increases by a further third. This means a doubling of usage from Year 1. These figures are modest, and although community usage is not a big driver of income or profit, if these are exceeded this adds another element of contingency to the plan.
- vii. *Bar income increases by 25% over the three years, relating to increased activity. The level of average income from events, and prices charged, are assumed to remain steady throughout the Plan.*
- viii. *Income increases 77% over the 3 year plan.*
- ix. *This assumes that events income increases by 75% over the Plan period.*

b) Expenditure

- i. The baseline is the projected expenditure budget for 2020-21, which was the first time that MMC broke down the operational costs for the MMC.
- ii. *Inc sinking fund for future repairs etc.*
- iii. *Expenditure increases by 17%. This includes the additional cost of a manager from year 1, without which the increase from current cost would be XXX*

- iv. A key assumption therefore is that existing resources, especially staff are under-utilised, and that with a clear strategic plan and strong operational management they will be able to fulfil their potential.
- v. For Year 1, the Plan includes the current staff, plus a Manager, plus the cost of a finance officer. The finance officer cost is currently absorbed into the role of the Assistant Clerk but needs to be recognised as an overhead of running MMC.

c) Café

It is recommended that the control of the Café is retained in-house, either with directly managed staff or a sub-contracted arrangement with a local specialist business. This control means the MMC management retains the option at all times to utilise the facilities of the café in support of the overall Plan. This particularly relates to the options of providing food and beverages for event hirers and having a second bar for relevant events.

The Café should operate on a commercial model i.e. pricing should accurately reflect real overheads, local market conditions and realistic profit. Inevitably, the quality of the product and the service provided will be reflected in profitability. At this stage, the potential profit from the Café over the term of the Plan would be no more than guesswork. However, if well-managed, the incrementally increasing footfall plus the opportunities arising from weddings and other events clearly indicate that there is potential to operate on a successful commercial basis.

Taking a worst-case scenario, this plan simply assumes the Café will be cost-neutral and therefore any profit can be offset against the MPC subsidy. This approach also gives some contingency to allow for other aspects of the plan not coming to fruition as planned.

B10.5 Business Plan Financial Targets

This three-year plan is based on the following key assumptions and the expectation that the consequential financial outcomes are achievable:

1. The MMC will be overseen by an independent Management Board.
2. It will have a clear brand upon which it promotes its services to its target markets.
3. The management and staffing of the MMC will be aligned in support of the brand and the service standards necessary for success.
4. Mountsorrel Parish Council will continue subsidising the operation of the MMC in order to ensure a balanced use of community and commercial activity. However, this can be predicted and managed as part of the venue's operating model.
5. This subsidy is a legitimate use of tax payers money if matters such as the social value of community activities is taken into account, and a majority of residents can be reasonably judged to support this expenditure, for the benefit of the village.
6. A target of a maximum £125,000 annual subsidy from the Parish Council is a reasonable financial target by the end of the Plan period. This level of subsidy may stabilise for the longer term, or be further reduced, subject to policy decisions incorporated into future revisions of the Plan.
7. The profitability of bar and food operations can significantly offset the level of subsidy.