

A Proposal to
Christ Church Parochial Church Council
to Manage Dore Christ Church Hall
for Community Purposes

31 January 2020

Dore Village Society, Dore Old School Trust and others
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1

Introduction

This proposal is from an interim sub-committee of the Dore Village Society (DVS). It describes a response to an invitation from the Christ Church Dore Parochial Church Council (PCC) to present proposals to manage the Church Hall for community purposes.

The sub-committee comprises trustees from the DVS, The Dore Old School Trust and several Dore residents. A list of sub-committee members and their relevant backgrounds is in Appendix D.

The proposal has received the formal approval of the trustees of the DVS and the Dore Old School Trust.

The proposal includes the formation of a new legal entity, a Community Interest Company (or CIC, see Appendix C) which will be responsible for contracting as the leaseholder, and for the day-to-day operation of the hall and its financial management. The CIC will have a management group comprising representatives of the PCC, the DVS, the Dore Old School Trust and volunteers from the community. The CIC will be independent of the PCC, the DVS and the Dore Old School Trust.

An assessment has been made of the current and prospective costs of running and maintaining the hall (including dealing with a backlog of repairs), and projections of future income have been produced. These show that there is significant opportunity for the hall to become self-financing within five years.

Promises of donations to deal with essential repairs and infrastructure improvements have been obtained, as have loans to cover start-up costs and any shortfall in revenue in the early years of operation. These amount to £20,000.

Section 2: Financial Viability.

A review of historic income and expenditure has been conducted and an assessment has been made of what is needed for the hall to become self-funding on a revenue basis. That is, covering all running and routine maintenance costs from income, generating a surplus for a sinking fund to cover any major work or other costs which might be incurred in the future, and generating a rental income for the PCC in due course. This is to ensure that the hall can be run as a financially viable entity.

Section 3: Repairs and Improvements.

This section describes repairs and other infrastructure improvements that will be needed over a five year period together with an indicative programme and associated cost estimates.

Section 4: Funding.

This deals with funding for the repairs, improvements and start-up costs.

Section 5: Legal Entity

The legal entity that will be needed to enter into a lease agreement and operate the hall, and how this legal entity could be managed, is described.

Section 6: The Offer to the PCC

This section summarises the offer to the PCC.

Much has been said and written about why the future of the village hall is in peril. The challenge now is to make the hall attractive to users at a cost that they are willing to pay. We believe that our proposal will do that on a sustainable basis.

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Financial Viability

From the limited amount of information available we have concluded that the hall has been running at a deficit for a few years, for example we think that in 2018 this was as in the order of £3,124.

Income £17,672

Expenditure £20,796 (including nearly £6,000 of repairs and maintenance).

Deficit £3,124

In considering the financial viability we have separated capital costs (major repairs and replacements) from day-to-day running costs (which include routine maintenance). We have, therefore, produced projections for income separately from funding capital items. We deal with the latter in Section 4: Funding.

On this basis we have assumed, from the 2018 accounts, that day-to-day running costs are in the order of £16,000pa. This is obviously an approximation but we believe that it is sufficiently close for us to be confident about our projections.

The above income is on an assumed 730 or so hours of lettings at £24 per hour or less in some cases.

We believe that there is considerable opportunity to return the hall to profitable operation within five years. In arriving at this conclusion we have made the following assumptions.

Licensed hours

The Local Authority licence is for seven days a week from 9am until 11pm.

Theoretical maximum utilisation

Seven days per week for 50 weeks per year at 14 hours per day = 4900 hours

Current utilisation

Paying users are assumed at something in the order of 730 hours per year. This equates to 15% occupancy. Non-paying users at about 215 hours per year is less than 5% occupancy.

Spare capacity

80%, or about 3,920 hours per year.

Realisation of the opportunity

It is unrealistic to think that anywhere near 100% utilisation can be achieved, and this would be undesirable for a number of reasons. We have, therefore, produced projections for annual income for 20% to 40% utilisation and at hourly rates from £12 to £24. These projections are shown in graphical and tabular form in Appendix A.

In summary, with capital costs removed, break-even (that is income equalling day-to-day running costs) can be achieved with a rental of about £14 per hour on utilisation of 20%. Even a modest increase in utilisation to 25% at £12 per hour produces a moderate surplus. We believe that there is a considerable opportunity to exceed this.

Comparison of hourly rates of various similar venues in the locality indicate that £17.50 per hour is a typical rate.

On our projections £16 per hour yields £19,200pa at 20% utilisation and £24,000pa at 25%.

£18 per hour yields £21,600 at 20% and £27,000 at 25%.

So, clearly, more than covering costs.

By comparison, Dore Old School is fully booked (ie. 100% utilisation) at rates not dissimilar to those above. This implies that a significant increase in utilisation of the hall is achievable. The challenge is to attract paying users and the two key factors will be marketing and pricing. Deciding on what rate to charge will be an early task for the CIC and could include differential pricing to accommodate non-profit making community and social groups.

From our discussions with current and former users we believe that existing users and one recent new user will continue to use the hall, and that we can attract back one former user. This would bring utilisation above 20%.

Additional users

A number of suggestions have been made to us about additional uses of the hall. These include:

- IT drop-in sessions to help people develop their ability to use IT and the Internet.
- Bridge clubs.
- Martial Arts clubs.
- Badminton.
- Table tennis.
- Folk Club
- Jazz Club
- Social meet-up mornings arranged around themes for people living on their own, for example board games, card games and similar.
- Film shows.
- Family history: people come to explore their ancestry online.
- Dancing: as in learning to dance.
- Live music.

The CIC will invite people to suggest other uses. This includes examining what is offered at Totley Library and how they determine what to provide.

Parish Office and The Ark

Additional income might come from rental of the Parish Office and The Ark.

3

Repairs and Improvements

Repairs

In order to assess which repairs to undertake and when we have used the schedule of architect recommended Repairs and Maintenance that was included in the Quinquennial Report together with our own findings from a recent visit to the hall. These include:

- Hall and Ark roof
- Water ingress under the stage
- Selective redecoration
- Brickwork
- Rainwater gutters and downpipes
- Resurface foot and vehicle access
- Floor surfaces
- Repair and internal decoration of lower level wall surfaces in the main hall, front door lobby, rear door and circulation corridors behind the stage area.
- Defects in window handles not identified in the Quinquennial Report.

We estimate that the cost of this work will be between £40,000 and £50,000.

These repairs will be scheduled by the CIC over a five year term, subject to a continuous review of timing and priority. An indicative schedule is included in Appendix B.

Improvements

Separately to dealing with the above this proposal envisages the development and upgrading of some hall facilities in order to meet legal requirements and public expectations, and to maintain a competitive position in comparison with similar facilities in this part of Sheffield. These include:

- Refurbishment of the male and female toilets, and the Access toilet, including consideration of door widths from the main hall.
- Insulate and redecorate two back rooms.
- Improve the seating.
- Upgrade the lighting.
- Renovate The Ark space for commercial letting, including arrangement of secure door entries into the present Parish Office and The Ark to allow for separate lettings.

The cost of these is estimated at £12,00 to £15,000.

This work would be undertaken in the first two to three years.

Other improvements

- Installation of a broadband Internet connection.
- Purchase of basic IT equipment (printer, scanner, 3D printer and similar).
- Purchase of a digital projector and stand.
- Loudspeakers and microphone.
- Other audio equipment
- Security measures.

Cost: less than £5,000.

Start-up costs

Legal costs for negotiating a lease and similar.

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Funding

Donations

On the signing of a lease the DVS will make a donation of £5,000 towards the cost of repairs and improvements.

On the signing of a lease the Dore Old School Trust will also make a donation of £5,000 towards the cost of repairs and improvements.

Loans

On the signing of a lease the DVS will make an interest free loan available of £5,000 towards the start-up costs and the day-to-day running and maintenance costs of the hall.

On the signing of a lease the Dore Old School Trust will also make an interest free loan available of £5,000 towards the start-up costs and the day-to-day running and maintenance costs of the hall.

Both of these loans to be repaid from income as and when it is prudent to do so, but with the aim of repaying them within five years.

Both of these loans will be on the condition that repayment takes precedence over rental payments to the PCC or its nominees or successors.

Grants

Grants will be sought from funding bodies such as the National Lottery and other sources.

Other funding (donations, loans, crowd funding, and similar)

Dore residents will be invited to make donations and loans.

Sponsorship

There are events and activities that could attract sponsorship.

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Legal Entity

A separate legal entity, a Community Interest Company (CIC), will be set up to be the leaseholder and to manage the running of the hall. See Appendix C.

The CIC will have a management group comprising representatives of the PCC, the DVS, the Dore Old school Trust and volunteers from the community. The management group will be responsible for the day-to-day operation of the hall and its financial management.

The CIC will be independent of the PCC, the DVS and the Dore Old School Trust.

Members of the sub-committee who have agreed to serve on the CIC management committee are Keith Shaw, Allen Bentley and Martin Stranex. In addition two members of the community with relevant experience have offered to join.

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The Offer to the PCC

Financial Viability

The DVS sub-committee believes that the hall can become, over the medium term, a going concern capable of being self-funding, establishing an adequate sinking fund, repaying its loans and generating a rental income for the PCC, the latter to be negotiated as part of the lease terms. The financial information in Section 2 and in Appendix A illustrates how this can be achieved.

This assumes that the lease will include the Parish Office and The Ark.

Management

If the PCC accepts this proposal then a new legal entity, a Community Interest Company, will be formed. The CIC will be responsible for negotiating the lease terms and, if successful, will be the leaseholder and have responsibility for the day-to-day operation of the hall and its financial management. The CIC will have a management group comprising representatives of the PCC, the DVS, the Dore Old School Trust and volunteers from the community. The CIC will be independent of the PCC, the DVS and the Dore Old School Trust.

Donations

On the signing of a lease the DVS and the Dore Old School Trust will each make a donation of £5,000 towards the cost of repairs and improvements that the CIC considers are needed in the short and medium term (up to five years) to bring the Hall up to a usable condition.

Loans

On the signing of a lease the DVS and the Old School Trust will each will make an interest free loan available of £5,000 towards the start-up costs and the initial day-to-day running and maintenance costs of the hall.

Both of these loans to be repaid from income as and when it is prudent to do so, but with the aim of repaying them within five years.

Both of these loans will be on the condition that repayment takes precedence over rental payments to the PCC or its nominees or successors.

Grants

Grants will be sought from funding bodies such as the National Lottery and other sources.

Other funding (donations, loans, crowd funding, and similar)

Dore residents will be invited to make donations and loans.

Sponsorship

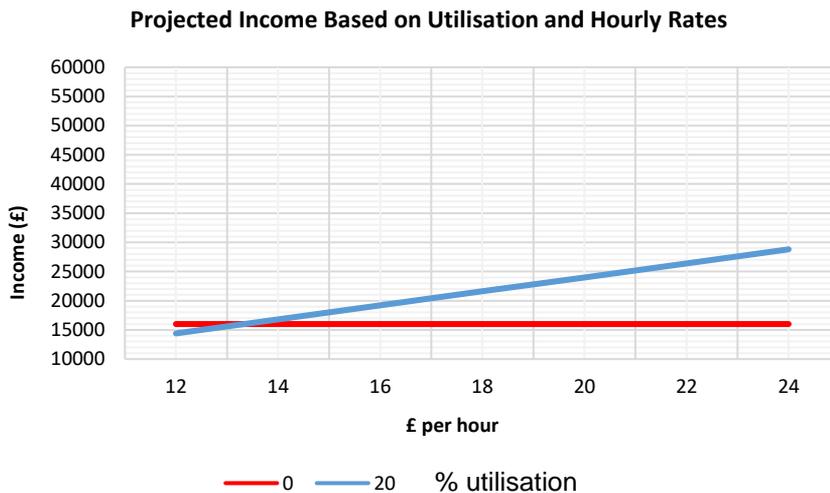
There are events and activities that could attract sponsorship.

This proposal is offered without prejudice and is subject to contract. Other conditions are:

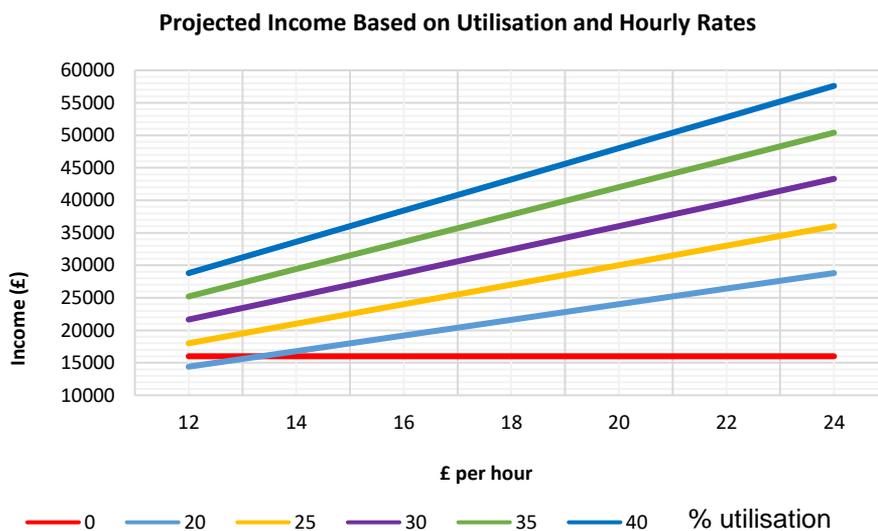
- Due diligence to be undertaken by the CIC.
- Full disclosure by the PCC of any and all liabilities and other material circumstances. This includes all certificates that are required by law for the safe operation of the Hall and the current asbestos survey (Report No. AR2983B).
- Each side will pay its own legal costs.

If this proposal is accepted the DVS sub-committee will establish a Community Interest Company and hand over responsibility for detailed discussions and negotiation of lease terms to the CIC management committee. At that point the DVS sub-committee will be disbanded.

Appendix A – Financial Analysis



The red line at £16,000 is an estimate of annual fixed costs.
 The blue line is income for utilisation at 20% for various hourly rates.
 Break-even is where the income line cuts the fixed cost line, in this case at about £14 per hour.

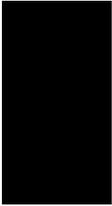


This graphs shows income for utilisation from 20% to 40%. At 25% there is a small surplus at £12 per hour. This demonstrates the flexibility the CIC will have in deciding what to charge.

The table below shows the data from which the graphs were derived.

£ per hour	12	14	16	18	20	22	24
Fixed costs	16000	16000	16000	16000	16000	16000	16000
% utilisation	income						
0	0	0	0	0	0	0	0
20	14400	16800	19200	21600	24000	26400	28800
25	18000	21000	24000	27000	30000	33000	36000
30	21650	25200	28800	32400	36000	39600	43300
35	25200	29400	33600	37800	42000	46200	50400
40	28800	33600	38400	43200	48000	52800	57600

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Appendix B – Prospective Repairs and Improvements

The following is an indicative schedule for the repairs and improvements listed in Section 3 and is based on the most recent Quinquennial Report.

Year 1

A variety of roof repairs over the pitched and flat roofs.
Seal the under-stage area to stop water ingress, possibly from a land drain that crosses beneath the hall.
Patch repairs in the foot and vehicle access surfacing at the front of the hall.
Refresh the lower level paintwork in the main hall.
Paint and plaster repairs around the premises, including corridors and toilets.
Redecorate the rear corridors behind the stage area.
Recoat floor finishes in the rear corridors and rooms.

Year 2

Clean the flat roofs on ancillary rooms and apply chippings.
Repair concrete lintols on the east side of the Ark building.
Hall access audit.
Brickwork pointing and repairs to high level walls.
Decorate rusting steel beams in under-stage store (intumescent paint).
Brickwork pointing and repairs to low level walls.

Year 3

Replace and upsize the roof rainwater gutters and downpipes at existing locations around the hall buildings.
Concrete repairs along the roof edge on the west side of the Ark building.
Reseal mastic in the Ark east side windows.
Redecorate the gates to east side of hall.
Treat and reseal the main hall pine floor.

Year 4

Re-point the main hall roof ridge tiles.
Excavate the earth bank from the Ark west wall and install a coarse stone drain along the wall foot'
Install a gravel drain along wall foot on east side of hall.
Resurface all the front and east side foot and vehicle access.
Replace the sump pump and controls in the basement
Tree surgery.

Year 5

The last year of the Quinquennial period would represent a 25% contingency sum and time period, following on from Years 1 to 4 as an allowance for unexpected scope of repairs, overrun of repair time, or costs that might need to be deferred from Years 1 to 4.

Upgrading of Hall facilities

Refurbish the male and female toilets and the Access toilet, including consideration of the door width from the main hall.

Possibly refurbish the kitchen, subject to a review of condition.

Redecorate and insulate the two back rooms.

Improve the hall seating.

Upgrade the room lighting.

Re-arrange the Ark space for letting, including secure door entries into the present Parish Office and into the Ark space, to permit separate occupancy if required.



Appendix C – Community Interest Company

Community Interest Companies (CICs) were introduced to provide a legal structure to encourage people to establish ventures that provide genuine benefits for their local communities, rather than being driven by personal profit.

A CIC is a specific type of limited company that trades commercially as a social enterprise and has clear social objectives, such as providing services and benefits to the local community.

CICs must be registered with, and are regulated by, the Office of the Regulator of Community Interest Companies and must pass a ‘community interest test’ before being approved. This test ensures that activities undertaken by a CIC provide benefits to the community.

A CIC will typically not be dependent on donations and fundraising as it will have a mix of income including selling services and grants. Whereas a charity is more likely to be dependent on grants, donations and fundraising for a larger proportion of its income.

Asset lock and conversion of legal structure

CICs have an asset lock in place which means if the CIC closes, any remaining assets must be transferred to another CIC or charity. Charities are similar by virtue of being a charity in law, which means any remaining assets must transfer in a similar way. CICs can only convert to a charity and vice versa.

Why a CIC not a charity?

There are a number of benefits to establishing a CIC rather than a Charity for this type of social organisation. Particularly where the organisation is selling a service. The CIC can be limited by guarantee, placing less liability on its directors than is expected of the Trustees of a charity.

Reporting for a CIC is considered simpler and less demanding than for a Charity, See below.

Reporting requirements

Charities are required to produce financial statements in charity format. This includes reporting on their public benefit and achievement of their mission, as well as any payments made to trustees or individuals related to them.

Charities are regulated by the Charity Commission and if they are also set up as companies they are also regulated by Companies House.

CICs produce financial statements in a simpler company format and have to complete a short CIC report stating how they have benefitted the community they defined, how they have consulted with them and the amount of remuneration, if any, paid to the directors.

CICs are regulated by Companies House and this includes the CIC Regulator who checks compliance with the CIC regulations. CICs also confirm annually that the details held by Companies House are correct via a confirmation statement.



Appendix D – The Sub-committee

Managing the hall will be similar to running a business. Consequently we assembled a group of people with experience in business start-up and management, and other relevant areas (including users and others with experience of managing similar facilities), to assess what is required to bring the hall up to a usable and attractive venue for community use, and to manage it as a going concern.

Keith Shaw

Keith is chairman of the Dore Village Society, with 11 years' service on the committee. A Dore resident for more than 20 years, Keith has over 40 years' experience in running businesses, including 15 as an owner-manager of an IT company that he established, and as a freelance consultant to Government departments and agencies advising on, and project managing, the operation of programmes they were funding.

Allen Bentley

Allen has been a member of the institution of Mechanical Engineers (MIMechE) since 1977 and a Chartered Engineer (CEng) for 40 years. He has been a Managing Director for 30 years, an Independent Business Advisor for Business Link and a Business Mentor for the Prince's Trust.

Chris Jones

Chris has been a Dore resident for 30 years. He is a long-time user of the hall and a former chair of the Gala committee. Chris is a Chartered Accountant. He qualified with Price Waterhouse and spent his career working at the centre of various multi-national manufacturing groups as well as being involved in company mergers and acquisitions.

Martin Stranex

Martin is a Chartered Civil Engineer who has worked for City Engineer Departments and in the Water Industry, having experience of plant and building surveys and appraisal, design and construction. Living in Dore for 15 years, he has enjoyed use of the Parish Hall on many occasions and is familiar with the procedures for purchasing business energy. Martin's role on the CHP committee was to provide technical appraisal of the Repair and Maintenance recommendations contained in the Quinquennial Inspection Report.

Colin Ross

Colin has lived in Dore for over 40 years and is the longest serving Councillor for the area. Consequently he has numerous contacts within the Council, both political and administrative, and an understanding of where to go to get advice and facilitate decisions. He was very heavily involved in setting up a community group to run Totley Library when it was threatened with closure by the Council and remains a Trustee of Totley CRIC which now runs the Library.

Ruth Darrall

Ruth was born in Dore in the 1950's, grew up here and was educated at the Infant and Junior school. Some years ago she became a Trustee of Dore Old School and in 2005 was appointed treasurer, having spent many years working for what was then The Midland Bank. This is a role she continues in today, now being responsible for the finances, bookings and general administrative duties with input from the other Trustees.

Julie Poyntz

Julie was born in Dore as was her mother and grandmother. She still lives in the village with her family. Her daughters used the Church hall for the Church toddler group, dancing classes and Guides. Julie was a secondary school teacher for over 30 years and then worked for the Peak District National Park. She has been a trustee of Dore Old School for nine years and secretary for four years.

Pam Butterworth

Pam's family moved to Dore in 1955 when she was 4 years old. She has been a user of Dore Church Hall since that time when there were Sunday School parties and prize givings. When she became a Girl Guide in the early 1960's their Friday night meetings were held in the Church Hall, and still are to this day. Pam went on to become a Guide Leader of this 125th Guide Unit and has been one for over 45 years, and that Unit has been using the Church Hall since 1954. Pam's extensive experience as a user of the hall has been important in helping us formulate this proposal.