

ALFORD HOUSE CLUB

Capital Project

Summary Business Plan

November 2009



Our Need

Alford House is based in Lambeth where there are high levels of deprivation and complex issues to overcome for many young people. The need for a stable hub from which young people and the wider community can access innovative services to fulfil their potential is increasingly important in the area. There is the need to do more for young people and the community and to do it better.

The current Club premises have not benefited from any major renovations since they were repaired after war damage in 1950. They are in need of a major overhaul. Our own fund raising has enabled us to maintain parts of the premises and grants from charities and trusts have enabled us to refurbish and equip some areas of the building. However, after over fifty years there is a need to invest in the infrastructure of the building. Briefly, items such as roofs, ceilings, floors, electrical and heating installations are in need of urgent renewal. After survey in 2003/04, the cost of urgent repairs was estimated at c.£750,000 + VAT. Given the cost of repair and renewal, options were considered to see whether increased expenditure might bring about better outcomes other than renewing for the status quo.

We are proud of our 125 year history and track record and believe that this stability and continuity has benefited the community. We need to continue this and make substantial improvements. To do so we need to become financially self-sustaining.

Our Vision

Our vision is to create an asset of the highest quality for young people that will provide for their long-term support and development and enhance the sustainability of the organisation.

Our Strategic Objectives

- Increase self-generated income
- Improve, increase and extend services for young people
- Increase the contribution to objectives in national and local plans
- Become DDA compliant & accessible to wider community
- Increase capacity for partnership working
- Increase Business & Enterprise development
- Provide for a self-funded cyclical maintenance programme

Our Solution

Our solution is a major £3.7m construction project to redevelop the entire site of Alford House, delivering 784m² of new build and 1,076m² of refurbishment. The proposed capital works building programme, which will be undertaken in phases to allow the facility to continue its operations as fully as possible, has a 72 week build-time from initial site survey to completion.

The planned works will provide:

- Informal indoor games area
- An enlarged and improved Information and Communication Technology Centre
- New Gymnasium
- Class/Training Room
- Creative Suite to incorporate:
 - Music & Radio Production Studio
 - Film Making & Video Production studio
- Arts and Crafts Studio
- One to One Information/counselling accommodation
- Group work accommodation
- Open Access Internet café and social accommodation
- Fitness & Training Suite
- Community Conference & Training Facilities

- Rehearsal Studios
- Affordable Office Accommodation

Our Progress So Far

Since adopting the redevelopment plan:

- We have completed the feasibility study.
- Architects and surveyors have been commissioned and remunerated
- A fundraising consultancy has produced a fundraising feasibility study and strategy.
- The site has been surveyed, detailed plans drawn up and a scale model produced.
- Planning permission was granted on 30th March 2007.
- High quality showers, toilets and washing facilities, compliant with the Disability Discrimination Act have been installed as young people had requested.
- Improvements guided by health and safety and in keeping with the development plan have been implemented.
- We have built a new fitness studio as part of the redevelopment. This has had the added bonus of enacting planning permission.
- Over and above the consultations with local people necessary to gain planning permission, consultation with the community we aim to serve has been extensive. We have consulted with:
 - Young People
 - Stakeholders
 - Theatrical Companies

The cost of these activities have required funding of over £450,000. This has been met by Alford House through a mix of funding secured from grant making trusts, statutory sources and the Charity's own reserves.

Financial Information

The UK voluntary sector is an increasingly significant contributor to the overall economy, delivering vital public services and employing over 500,000 people. It still relies for nearly half its income on charitable giving by individuals and private sector organisations. However, recent funding pressures on the club have been considerable:

- Ongoing global economic deterioration has placed considerable pressure on both donors.
- Competition for public sector finance available to voluntary organisations has increased substantially.
- Applying for public sector funding has become more time-consuming and less certain.
- Statutory bodies have moved away from regular, year-on-year grants towards commissioning outcome-focused services.

More competitive and restricted funding availability, with increased pressure to demonstrate impact and value for money is leading to:

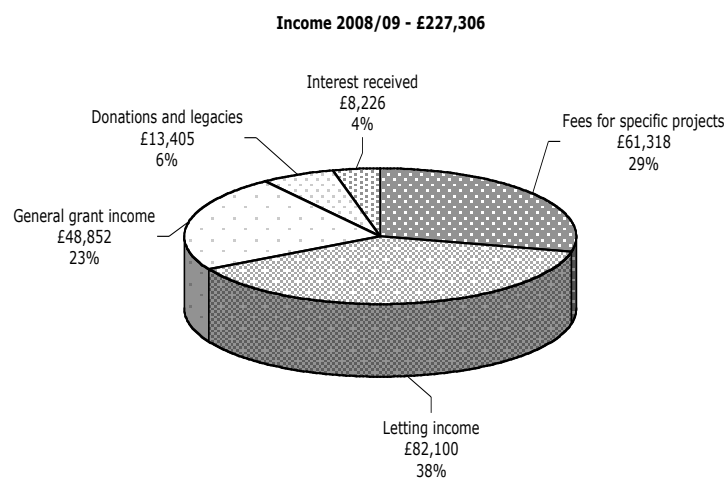
- a less innovative, more risk-averse general funding environment
- pressure to respond to increased levels of need whilst cutting costs

Current funding

Analysis of the £227,306 income in the financial year ended 31 March 2009 shows:

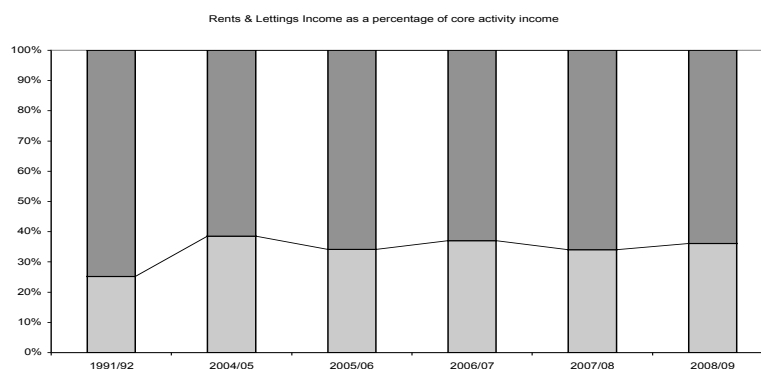
1. Donations and legacies and interest income form only a very small part of the club's overall funding.
2. Fees for project work are making up a significant amount of total funding.

- The Club received only c. £50,000 in local authority income for core services. This is less than when the authority took control from Inner London Education Authority in 1991 (£55,338).



Raising the club's total financing requires a great deal of pro-active effort by the club's management team, in the form of applications and tenders. In particular, the club relies heavily for its core funding on income from renting out its space for theatrical rehearsals.

The chart below illustrates how income from lettings has become increasingly vital to the clubs' ongoing survival, with it's share of total finance rising from c. 25% in 1991/2 to an average of c. 40% over the last five financial years.



In the context of the above, one of the principal objectives of the proposed redevelopment of the club is the establishment of a viable future funding platform, in the form of increased and more certain lettings income. This is discussed further below.

Future funding of Alford House

The club believes it needs to identify alternative sources of income to be certain that it can sustain and expand its youth services, and in doing so to reduce the administrative time and effort needed to secure funding.

The Governors consider the most promising alternative to be the growth of the club's lettings income. The club has had considerable historic success in generating funds from this source, and already has extensive contacts with potential users of both office and rehearsal space, and the essential experience and infrastructure required to manage such a lettings programme, built up over thirty-five years of renting its premises to third parties.

The proposed redevelopment of the club would deliver approximately 130 sq m of additional office space and 370 sq m of additional theatrical letting space on completion. Importantly, all of this space would be of a substantially higher quality in all respects than the current available space, and all general amenities would also be greatly improved (e.g. toilets, reception areas, café and dining facilities).

In projecting future income, the club has made assumptions regarding the level of funding received from sources other than lettings, and in respect of the rental rates and occupancy levels that it believes will be achievable for its office and theatrical rehearsal space. These assumptions are set out in detail and are available. In arriving at its projections, the club has endeavoured to be conservative: for example, initial occupancy of rehearsal and office spaces are forecast at only 56% and 30% respectively, and no grant funding is assumed other than the small sum of £1,800 which is already known to be available from existing sources.

Based on the assumptions, the club's summary future financial forecasts following redevelopment are as follows:

Income	Comparison Forecast 2009/2010	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Donations Income Tax Recoverable & Interest Income	16,275	14,825	15,875	16,925	17,975	19,035
Theatrical lettings	85,200	133,265	152,178	167,532	183,671	198,725
Office lettings	0.00	14,860	22,959	31,531	32,477	33,451
Fundraising By Club	4,700	5,900	6,077	6,259	6,447	6,641
Commissioned Work:	91,000	87,000	87,750	101,023	101,818	102,638
Grants (restricted funds):	41,514	1,800	1,800	1,800	1,800	1,800
Total Income	238,689	257,650	286,639	325,070	344,188	362,290
Expenditure	Comparison Forecast 2009/2010	Forecast Year 1	Forecast Year 2	Forecast Year 3	Forecast Year 4	Forecast Year 5
Direct Youth Work Salaries & Volunteer Expenses	117,227	131,596	153,476	158,080	176,426	182,816
Maintenance and Premises inc. caretaker salary	72,400	82,800	85,336	87,896	90,533	93,254
Club Activities	22,150	18,670	19,231	19,806	20,410	21,013
Management and Administration	22,112	27,198	30,304	33,693	37,269	38,380
Total Expenditure	233,889	260,264	288,347	299,475	324,629	335,463
Surplus/Deficit	4,800	-2,614	-1,707	25,595	19,559	26,827

The overall expected increase in revenue to the club following the redevelopment will enable it to deliver an increased range and frequency of youth services that will make a vital contribution to the overall provision of these programmes in the local area. The club has examined the viability of its financial projections if rental rates and occupancy level are less than expected, and is confident that its plans are viable even if both are reduced significantly versus its "base case" assumptions.

Highlight Outcomes Post Redevelopment

Youth work staff hours would increase from 30 to 100 per week, aiming to achieve benefits clustered around:

- Extending activity
- Increasing operating hours
- Accessibility
- Extending reach
- Inclusion
- Resistance to risk factors, youth crime and safety
- Information Advice and Guidance
- Participation and decision-making
- Employment and Enterprise

Over a five-year period as self generated income increases, we will provide:

- Youth Club activity 4 nights a week
- Afternoon Magnet Activity for those who are in limited or no form of education, employment or training.
- After School Multi-Sports for large numbers of young people of secondary school age.
- News and Information Centre to enable the Club to offer access to adults as well as young people to free internet access, news and information.
- A 50-week year Youth Club Programme as opposed to the current 44 week year.
- Holiday Provision aimed at teenagers.
- Weekend Activity The newly designed centre will enable activity to be provided on Saturday's and Sunday's with no detrimental effect to lettings income. In addition to this, we see this as an ideal opportunity for young people (particularly club members) to gain employment and a real working experience of behind the scenes duties on weekends.
- Accredited Learning for young people not in education, employment and training.

Future Membership and Attendance

With the increased services that are planned for young people after completion of the project, an increase of 50% in membership is expected (currently 300). To this will be added the longer hours of opening and our main initial target is to double the total attendances (Currently 5,000 per year). Longer operating hours would enable the increased attendance to be within the context of a structured delivery programme and more evenly spread during the day. This should reduce the current noise problems caused by large numbers of members exiting the club at the same time.

Management of the Capital Project

The capital redevelopment project has been entrusted to a Project Board comprising:

Role	Name
Project Board Chair	Graham Chase - A governor of Alford House and the Chartered Surveyor leading the Capital Sub Group (Project Board). He is Chairman of Chase & Partners, a firm of Chartered Surveyors and Chartered Town Planners. He is a fellow of the Royal Institution of Chartered Surveyors and was President in 2006/2007. He has been involved in the development and financing of commercial Property for the last 30 years. He is a past member of the Bank of England's Property Committee.
Project Executive	Nigel Baker – Chair of Alford House Governors. Retired company director.
Finance Officer	Tim de Vere Green - Alford House Honorary Treasurer. As a former management consultant, investment banker and corporate financier, brings strong financial and commercial skills to the team.
Project Board Member	Janet Wells - Governor of Alford House. School Governor of local school and local resident.
Project Administrator	Tim Saunders – Alford House Club Manager has been responsible for the running of Alford House for over 25 years and has the experience to liaison between parties to ensure the smooth operation of service delivery whilst the redevelopment is being carried out.
External Contractors	Wennington & Associates - They are currently overseeing the building works to a school for over £2 million and have worked on multi million pound projects for the Grosvenor Estate, including the refurbishment of the Great Western Hotel.