

CHADWICK STREET RECREATION CENTRE – PROPOSED CLOSURE CSSC London Paper for CSSC Management Board

NOTE: this version of this paper has been redacted with reference to staffing proposals. In plain English, that means that the London Management Board has submitted a costed paper to CSSC justifying the retention of Chadwick Street; that paper includes redundancy proposals affecting London staff - as of course does CSSC's closure proposal, but since LMB doesn't employ the staff we consider we must not expose those detailed elements of our paper.

1. CSSC Management Board (MB) has proposed the closure of the Chadwick Street Recreation Centre, from June 2011. CSSC London Management Board (LMB) has been invited by CSSC Chairman, David Bell, to bring forward alternative proposals which could justify keeping the centre open.
2. This paper, prepared by LMB's Closure Working Group, demonstrates that cost savings and greater efficiencies could quickly achieve significant savings, a sustainable future for the centre, and an ongoing surplus appropriate for the funding of activities in the proposed district structure for London.

Overall financial position

3. The overall position of CSSC London and specifically Chadwick Street is much stronger than the information presented by CSSC to the Management Board in December 2010:
 - a. despite the appreciable drop in conferencing income since the Election, it continues to generate some £220,000 per annum, providing a vital, large subsidy towards members' use of the centre. This income level was stable throughout the latter half of 2010, and we are seeing some early signs of an upturn in bookings (despite news of the proposed closure). Closure would forfeit over £200,000 of income for CSSC provision in London;
 - b. the December end-year position, which was not provided to MB, was much better than the September forecasts on which the LMB's bid for support was made: with a net deficit on the overall CSSC London accounts of some £90k (including £40k brought forward from the previous year).

Proposed savings

4. As a matter of sound management practice, the scope for cost savings should be examined before any CSSC Club was closed, let alone a regionally- and nationally-valuable facility such as Chadwick Street.
5. CSSC has arrived at a situation where far too large a proportion of "CSSC London's" budget is spent on staff salaries: some £320,000, by far the largest element of our cost overheads.
6. In the current financial climate, we recommend *[redacted]*. This will produce savings of £151,370 per annum on the running cost of Chadwick Street, based on actual costs for 2010. The revised staffing levels are set out in Annex 2 *[which has been redacted]*.

7. This saving should not materially affect the expected conferencing income, which appears to have stabilised at the current level.

8. The net effect of this is to achieve approximately a 20% reduction in the overall expenditure by CSSC London. If the changes were applied to the actual 2010 figures, this would (after all income, expenditure and grant is taken into account) turn a net deficit of some £90k into a net forecast surplus of over £50k.

Summary balance sheet

9. This table shows the Annual Balance Sheet after the proposed cost savings. Further details, including a comparison with actual 2010 figures, are at Annex 1.

	Projection		Projection
CSSC Chadwick Street			
INCOME		EXPENDITURE	
Annual income from Chadwick Street activities	£420,000	Annual Chadwick Street liabilities	£410,000
Annual CSSC Area Grant	£343,742	Annual expenditure on CSSC external activities	£140,000
Annual CSSC Regional Grant	£9,800	Annual CSSC London payroll	£170,000
Total CSSC London annual Income	£773,542	Total CSSC London annual liabilities	£720,000
Income over liabilities	£53,542		

Net value to members

10. The effective resulting subvention for Chadwick Street of about £100k per annum, from the CSSC London grant of £340k, is fully justified:

- a. it accurately reflects the value to members both in monetary terms (the cost of hiring alternative accommodation for the large range of activities taking place at Chadwick Street is expected to be of a similar order), and in non-monetary terms (social and informal activities and meetings constantly take place there and could not be reproduced);
- b. it reflects the significant recruitment generated directly by Chadwick Street (estimated by CSSC's London Manager at 4-500 new members per annum), which would turn into a significant loss in members if the centre were to close;
- c. it reflects use of Chadwick Street by members across CSSC's South and South East Regions, and by a wide range of Departmental Associations, as well as by CSSC London, demonstrating clearly the strategic place of central London;

- d. Chadwick Street is a vital hub for activity throughout London (and within the central London “district”). It reflects both the radial nature of travel (it is much easier to travel into, than around, London), and working patterns (people are more likely to do activities directly after work rather than after going home);
- e. a large proportion of CSSC members in London who take part in CSSC activities do so directly at, or as a result of, Chadwick Street

Districts programme

11. Closure of Chadwick Street is not needed to fund the proposed expansion of activities in new districts across London. CSSC London’s operational surplus after the proposed savings is fully adequate to fund the districts programme.

Risk analysis

12. We have considered the reliability of the financial estimates in relation to:
- a. conferencing income: it is very likely that current levels of income can be maintained, and indeed we are seeing some early signs of recovery;
 - b. bar and catering: the respective managers have confirmed that business and forecasts have improved (after seasonal adjustment) compared with the forecasts last September;
 - c. rates, energy charges: some increases in these charges are inevitable but we reasonably assume no more than a 10% rise overall as a worst case;
 - d. membership income: retaining membership levels, and hence income, will be challenging, though significant drops are not regarded as likely short-term if Chadwick Street is retained.
13. We assume that a shared BDE post would continue, nationally funded. We also assume that a close relationship between CSSC and Departmental Associations based in Central London would continue.
14. Outline proposals for a subsequent phase of further cost savings and income generation are summarised in Annex 3.

Proposal to Management Board

15. On the basis of these proposals there is a clear case for retaining Chadwick Street. We are confident that, given the identified savings, the centre has a sustainable future without further support from CSSC central funds. If that was to be debated further it would be important that closure was deferred past June, and that papers with costs were produced, describing the case for other options including closure.

16. The figures used are in all cases based on the actual 2010 end of year figures provided by CSSC’s London Finance Manager. We anticipate further work to sustain the conferencing income, to generate further savings and to look at other income sources. The proposed closure would result in *[redacted – staffing]*.

17. Although CSSC staff have not been consulted in the preparation of these recommendations, except to establish facts, the recommendations are based on long and detailed knowledge of the operation of Chadwick Street, and they are reasonable and deliverable.

21 March 2011

CSSC London Management Board – Closure Working Group

Ian Hughes (Vice Chairman – CSSC London Management Board); Dave Graham (Hon Treasurer); Anne Barnes; Nigel Harris; David Pearson

Annex 1 – detailed CSSC London budget forecasts

(Key changes – the impact of the proposed savings – are indicated by shading)

Projected staffing cost information has been redacted in this version of the paper.

	Projection	2010 actual
Chadwick Street		
INCOME		
Conferencing income	£220,000	£220,270
Income from all activities (inc bar, fitness etc)	£200,000	£205,365
Total income	£420,000	£425,635
EXPENDITURE		
Bar wages		£69,180
Other wages		£147,155
Rates, electricity, gas, water	£220,000	£216,328
All other expenditure	£200,000	£212,091
Total expenditure	£	£644,754
Chadwick Street operating surplus/deficit	-£	-£219,119
CSSC London General Account		
INCOME		
CSSC Area Grant	£343,742	£343,742
CSSC Regional Grant	£9,800	£9,800
Special Events Sponsorship	£0	£0
Total income	£353,542	£353,542
EXPENDITURE		
Salaries	£	£103,007
Events and activities	£50,000	£49,870
All other expenditure	£80,000	£75,092
Total expenditure	£	£227,969
CSSC London operating surplus/deficit	£	£125,573
Overall surplus/deficit (both accounts)	£53,542	-£93,546

Annex 2 - Revised staff structure

1. These proposals assume that a shared BDE will continue to be funded nationally. The staff costs set out below are based directly on actual 2010 figures provided by CSSC's London Finance Manager. Where staff are employed part-time or part-funded, actual costs have been used. The revised staff structure would be:

[redacted]

Annex 3 – Second Study Phase

1. A second phase of study into further sustainable cost saving should commence as soon as the first phase is accepted. This would include:
 - a. the cost benefit or otherwise of transferring the bar operation to a combined food and drink operation;
 - b. introducing an automatic card entry system for members. This could have the advantage of automatically checking the validity of members' details and could be achieved by simply printing a bar code and the current year of membership on the annual card. Abuse of the system through members letting non-members into the premises could be monitored through the CCTV system;
 - c. opening some of our activities to the local community would not only bring extra income but could change our business rate status with Westminster City Council, with consequential decrease in rates paid;
 - d. financial benefit versus operational disadvantages of letting out part of the premises to another user, ideally with business related to our own operation;
 - e. financial benefit versus operational disadvantages of letting out several car parking spaces for profit, and encouraging staff to use public transport.