

## **Astley Centre For Circus Business Plan Synopsis**

### **1. Overview**

£1.8m has been put aside from the Town Fund for the development of the Philip Astley Centre and a site has been identified in the proposed York Place development in 2025, with a temporary space at Merrial Street in use from October 2023 until the end of 2024.

In December 2022, Leisure INC, was appointed by Newcastle-under-Lyme Borough Council to carry out a high level financial appraisal in support of the proposed scheme. Leisure Inc is a specialist consultancy who works with the owners, managers and developers of destinations ranging from towns, cities and mixed-use developments through to artistic and cultural attractions, leisure parks, resorts, and event and sport venues.

Leisure INC's work was informed primarily by desk top research, consultation and facility visits, their experience of comparative developments and discussions with the client team. The work has also benefitted from a range of studies commissioned specifically in support of this project. These studies include;

- Primary research into the schools market, commissioned from SPIRUL.
- Drive time data commissioned from STANTEC
- Concept and high level costings for the visitor attraction elements from HKD DESIGN; and
- Budget Cost Estimate Report for Merrial Street commissioned from TOWNSEND AND RENAUDEN.

A permanent home for the Philip Astley Centre has been earmarked for the new build York Place in the town centre. However, with this development not scheduled to open until 2025, a two phased approach is proposed for the Philip Astley Project. The initial phase will see the Project occupying a small shop unit in Merrial Street, opening October 2023 and operating until the close of 2024. This temporary space will house a permanent exhibition, temporary displays, an event space, and an office base for Philip Astley Project CIC. After December 2024, the Project will move a short distance to York Place in 2025 for a May opening, with elements of the interim exhibition will be transferred there from 2025 onwards, together with new exhibitory and facilities to be developed in the new site.

The initial phase of development will occupy an existing shop unit in Merrial Street. The Project will be open four days a week and host events throughout the week in daytimes, evenings and weekends as demand requires. The proposals will see significant refurbishment being undertaken, providing a potential legacy use for other projects post 2025.

Revenue generating spaces that form the basis of the business plan include;

- Permanent exhibition space

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- Temporary exhibition
- Event space; and
- shop

Flexibility is at the core of the Merrial Street site, with a range of potential uses encompassed in addition to the core exhibition function.

- These include;
  - Expert talks
  - Film nights
  - Circus skills and craft based courses
  - Family activities;
  - A range of community and private hires

Once the Merrial Street space has closed at the end of 2024, work will begin to relocate exhibitory and equipment to York Place. The works involved have been costed by HKD Design and included in the capital cost summary. This proposed new build unit has a similar floor space to the two floors at Merrial Street, with HKD assuming a similar mix of activity will continue, with the addition of some floor-based circus skills workshops for small numbers of people and in-venue schools sessions using the classroom.

Revenue generating spaces that form the basis of the business plan include;

- Permanent exhibition space
- Temporary exhibition
- Cafe
- Classroom/event space; and
- shop

Future phases of development could include an archive space and reading room and the inclusion of rigging for aerial activity, in the event the space can encompass a ceiling height of 6-8m

The following milestones are assumed for the Philip Astley Project as the basis of this business plan;

### **2023**

- March – project sign-off.
- March-April – planning submission, tendering for design and building contractors.
- May-Sept – construction and fitout work on site at Merrial Street.

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- October – site opens to public.

## 2024

- Full year of operation. Merrial Street closes end Dec 2024.
- Q2 - tendering for York Place design and construction phase.
- Q3 – submission for planning.
- Q3/4 – beginning of construction phase of York Place.

## 2025

- Jan-Apr – relocation of exhibitory and equipment from Merrial Street.
- May 2025 - York Place opens to public.

## 2. Capital costs

A total of **£648K** is envisaged for the development and fitout of Merrial Street, with an explicit understanding that the vast majority of the install will be demounted and relocated to York Place. The cost of demounting and developing additional exhibitory is estimated by HKD at **£147K**. At time of writing, the assumed construction price for York Place is circa £20 million ). An apportioned cost of construction for the element to be occupied by the Philip Astley Centre, based on total lettable area is estimated as **£1m**. The assumption is of an overall cost of **£1.8m** for the Philip Astley Project.

MERRIAL STREET CAPEX SUMMARY (PHASE 1)	
<b>FITOUT</b>	
Install and fitout of exhibitory	£159,925
Delivery and Install	£15,993
Contrator Prelims	£23,989
Design and management	£39,981
Graphic design	£9,995
Script and Research	£10,000
<i>Source: HKD Design, Feb 2023</i>	
<b>GENERAL CONSTRUCTION AND FEES</b>	

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Construction	£335,984
Fees	£33,598
Inflation	£16,799
Planning submission	£750
Building regs	£1,000
<i>Source: Townsend and Renauden, Feb 2023</i>	
<b>TOTAL</b>	<b>£648,014</b>

<b>YORK PLACE CAPEX SUMMARY (PHASE 2)</b>	
<b>FITOUT</b>	
Relocation and design of additional display	£90,700
Delivery and Install	£9,070
Contractor Prelims	£13,605
Design and management	£22,675
Graphic design	£5,669
Script and Research	£5,000
<i>Source: HKD Design, Feb 2023</i>	
<b>GENERAL CONSTRUCTION AND FEES (PLACEHOLDER)</b>	
Construction	£1,000,000
<i>Source: York Place RIBA stage 3 cost plan</i>	
<b>TOTAL</b>	<b>£1,146,719</b>

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### **3. Financial Projections**

An operational financial model has been developed to test the potential financial performance of both phases of the Philip Astley Centre. The purpose of preparing these initial financial projections for the Philip Astley Centre is to provide a high-level review of potential commercial performance. The forecast number of visits to the Astley Centre drives a minority proportion of the income that can be achieved – donations by visitors to the heritage centre, use of the event spaces and secondary spend on retail and catering.

The full financial model that underpins the Philip Astley Centre Business Plan is built around a number of linked spreadsheet pages. Each sheet examines a different aspect of the background to the business case (e.g. demographics, demand) building towards the operational sheets which detail the assumptions underpinning all aspects of revenue and costs associated with running the centre.

Key principles are as follows;

- The Business Plan is considered in two phases of development (Merrial Street and York Place) over an extended period which includes Year 0 (encompassing 2023 and 2025 as all pre-opening operational spend and a partial year of trading), and years 1-10 for York Place. The period encompassed within the projections spans 2023 to 2035.
- Inflation is factored within the individual revenue sheets, with costs inflated in the main Profit and Loss statement. Inflation is applied on a varying basis between revenue streams. The same applies to payroll and other operational costs.
- Where possible, benchmarks have been researched and applied to key cost and revenue lines. These are all highlighted and sourced within the model.
- Where possible, actual budgets have been used and applied to the model. This is particularly the case within the cost model, where actual data has been generously supplied by a partner from their shop based projects in Newcastle-Under-Lyme. This has provided particular comfort in the Merrial Street phase of the project.
- Visitor numbers and programming - A projection of visitor numbers has been prepared reflecting the various sources of visitors, including local residents, schools, tourists and events space users. Schools usage is confined to outreach sessions only in this initial phase, primarily as a result of space and capacity constraints. The total projected for the visitor attraction elements (9,063) is broadly comparable with the two local small museums in Staffordshire and given the central location and unique theming, considered achievable in the context.

#### **3a) Merrial Street**

The Merrial Street phase of the Philip Astley Centre will operate as a programmed centre with a small number of external hires throughout the year. Capacity for events is assumed as max of 30 people. All bookings have been timetabled to ensure fit within the trading envelope of Merrial Street.

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### **Merrial Street consolidated profit and loss**

The **summary profit and loss account** indicates a trading profit before earnings, depreciation and tax in both years.

THE PHILLIP ASTLEY PROJECT		
SUMMARY CONSOLIDATED PROFIT AND LOSS	2023	2024
PHASE 1 - MERRIAL STREET	Year 0	Year 1
UPDATED Feb 2023	Pre-opening	
Performance factor	30%	100%
Total annual visitor numbers	3,085	11,560
<b>REVENUE</b>		
Events (retained revenue)	8,170	28,646
In-venue donations	2,478	8,794
Café (retained revenue)	0	0
Friends of/membership	520	1,734
Schools sessions (in-house)	0	0
Schools sessions (outreach)	200	1,200
Gift Aid	2,433	8,112
Fundraising	11,695	38,983
External funding (committed)	50,000	50,000
Retail	4,438	14,883
<b>TOTAL REVENUE</b>	<b>79,935</b>	<b>152,351</b>
<b>EXPENDITURE</b>		
Payroll	16,800	55,330
Fundraiser contract	6,200	15,593
Employment costs	3,024	9,959
Retail cost of sales	1,331	4,465
Education resources	10,000	0
App development/subs	0	905

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Training	4,000	1,509
Marketing	15,000	4,024
Security/fire	0	2,012
Volunteer expenses	750	2,515
Facility renewal fund	0	0
Premises costs	6,800	24,345
Office and Services	4,658	11,712
Total Operating Costs	68,563	132,370
Profit/Loss	11,372	19,981

Sensitivity testing was completed by varying the visitor numbers and costs. The results indicated that the project could withstand a downturn of up to 10% in a stabilised year.

### **3b) York Place**

The York Place phase of the Philip Astley Centre (Phase 2) opens 1<sup>st</sup> May 2025 and is open for five days a week in a full trading year. The York place proposal is subject to successful proof of concept at Phase 1 and successful negotiation on the terms of occupation at York Place.

- Attendance is projected at around 13.5K per annum for a stabilised year of operation (Year 4, 2029).
- Revenue will be generated from in venue donations, space hires, in-house courses, small donations, retail, fundraising, external funding and education programmes.
- VAT has not been included for the purposes of this model.
- Inflation has been applied to costs and revenue based on projections published by Statista (2022).
- Private hire will be available for the visitor attraction galleries and the classroom space.
- The York Place phase of the Philip Astley Centre will operate as a programmed centre with regular external hires throughout the year.
- Capacity for events is assumed as max of 50 people. All bookings have been timetabled to ensure fit within the trading envelope of York Place.

The **summary profit and loss account** indicates a modest profit before depreciation and tax in every year of operation although this will require a commercial focus on events and catering on behalf of the Astley partnership, as well as a clear focus on external funding opportunities via the fundraiser on top of community fundraising activities.

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THE PHILLIP ASTLEY PROJECT	Move to York Place								Refurbish		
SUMMARY CONSOLIDATED PROFIT AND LOSS	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PHASE 2 - YORK PLACE	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
UPDATED Feb2023	Pre-opening										
Performance factor	80%	103%	102%	101%	100%	99%	98%	97%	102%	101%	100%
Total annual visitor numbers	10,293	14,012	13,904	13,796	13,689	13,552	13,415	13,278	13,963	13,826	13,689
<b>REVENUE</b>											
Events (retained revenue)	29,864	35,403	35,933	35,862	35,791	35,398	34,656	33,583	34,221	34,666	34,700
In-venue donations (visitor attraction)	7,219	9,313	9,361	9,251	9,141	9,041	8,941	8,841	9,287	9,224	9,141
Café (retained revenue)	30,592	39,544	40,342	39,789	39,240	38,771	38,304	37,838	39,709	39,554	39,240
Friends of/membership	1,681	2,169	2,180	2,155	2,129	2,106	2,082	2,059	2,163	2,148	2,129
Schools sessions (in-house)	4,094	5,292	5,410	5,427	5,432	5,437	5,436	5,429	5,754	5,783	5,806
School sessions (outreach)	1,200	1,202	1,220	1,218	1,216	1,214	1,213	1,212	1,211	1,214	1,216
Gift Aid	8,925	11,491	11,380	11,268	11,157	11,045	10,934	10,822	11,380	11,268	11,157
Fundraising	39,216	39,295	39,963	40,562	41,090	41,583	42,040	42,460	42,843	43,357	43,920
External funding (committed)	0	0	0	0	0	0	0	0	0	0	0
Retail	14,148	18,252	18,382	18,475	18,529	18,564	18,579	18,573	19,706	19,747	19,806
<b>TOTAL REVENUE</b>	<b>136,939</b>	<b>161,962</b>	<b>164,170</b>	<b>164,006</b>	<b>163,725</b>	<b>163,159</b>	<b>162,184</b>	<b>160,817</b>	<b>166,275</b>	<b>166,962</b>	<b>167,115</b>
<b>EXPENDITURE</b>											
Payroll	55,662	55,747	56,471	57,121	57,692	58,227	58,722	59,178	59,592	60,150	60,760
Fundraiser (contractor)	15,687	15,718	15,985	16,225	16,436	16,633	16,816	16,984	17,137	17,343	17,568
Employment costs	10,019	10,039	10,210	10,363	10,498	10,624	10,741	10,848	10,946	11,077	11,221
Retail cost of sales	4,244	4,253	4,325	4,390	4,447	4,500	4,550	4,595	4,637	4,692	4,753
Education resources	0	0	0	0	0	0	0	0	0	0	0
App development/subs	911	913	928	942	954	966	976	986	995	1,007	1,020
Training	1,518	1,521	1,547	1,570	1,591	1,610	1,627	1,644	1,658	1,678	1,700
Marketing	4,048	4,056	4,125	4,187	4,242	4,292	4,340	4,383	4,422	4,476	4,534
Security/fire	0	2,028	2,063	2,094	2,121	2,146	2,170	2,192	2,211	2,238	2,267
Volunteer expenses	2,024	2,535	2,578	2,617	2,651	2,683	2,712	2,739	2,764	2,797	2,834

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Facility renewal fund	2,751	2,756	2,803	2,845	2,882	2,917	2,949	2,979	3,005	3,041	3,081
Premises costs	15,747	24,540	24,957	25,332	25,661	25,969	26,255	26,517	26,756	27,077	27,429
Office and Services	9,581	16,985	17,220	17,423	17,594	17,749	17,887	18,009	18,461	18,624	18,806
Total Operating Costs	122,192	141,092	143,213	145,109	146,769	148,316	149,746	151,054	152,585	154,199	155,974
Profit/Loss	14,747	20,870	20,957	18,897	16,956	14,844	12,439	9,763	13,690	12,763	11,142

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