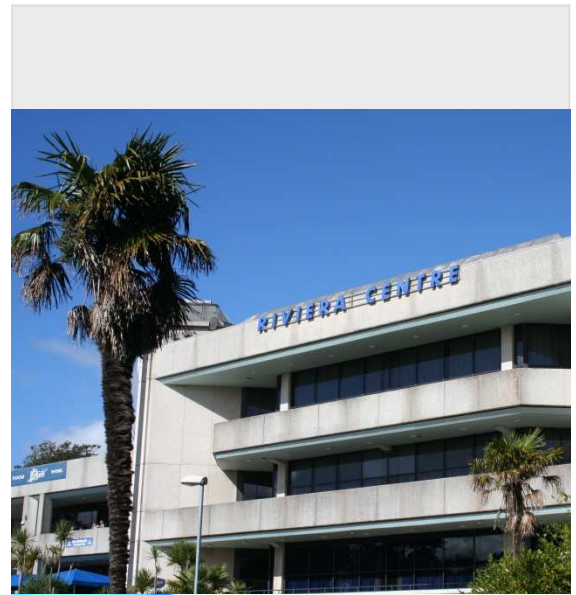




RIVIERA  
INTERNATIONAL  
CONFERENCE  
CENTRE  
TORQUAY

## BUSINESS PLAN

2013 - 2016



# Riviera International Conference Centre

## Business plan 2013-2015

### 1 Foreword by Chair

The Riviera Centre celebrated its 25<sup>th</sup> Anniversary in Spring 2012 with several major events of significant benefit to the local economy including the Young Farmers event and the National Union of Teachers national conference. The leisure business also had a good year in 2012/13 providing facilities for both residents and visitors to enjoy swimming and fitness programmes.

However the Riviera Centre has experienced a challenging time in recent years. In 2008 the Council decided to seek a partner to redevelop the site and as information about this became increasingly public, the forward business started to decline with confidence in the ability for promoters to hold their events at the Centre ebbing. At the same time the National economic position deteriorated following the financial crisis of 2008 and this has also affected business as the Centre operates in the discretionary spend sector for both principal areas of its business.

As a result, the new Board appointed in April 2012 has pursued a vigorous cost cutting exercise taking around £500k gross (£350k net) out of the budget per year and withdrawing from areas of business which fail to make a contribution to the financial viability of the Centre.

The RICC is part of a £20bn Business Tourism Industry which supports more than half a million jobs directly and indirectly in Britain. The RICC specialises in the Association sector eg Rotary or Professional Associations, which has proven to be relatively resilient to the current recession but subject to greater competition from other Centres.

Notwithstanding the decline which has been seen in recent years, Tourism is still a key part of the Economy for Torbay and South Devon and the Council's adopted Tourism strategy identifies support for Business Tourism as one of 5 key themes and provision of conferencing facilities is seen as a key part of this offer within the strategy.

The Company is now building on this initiative to attract new conference events and secure the return of others to the Bay. It is also working with the Mayor to help deliver his ambition to attract new events to the Bay.

The Leisure aspects of the business which at the moment account for more than 50% of turnover are a significant community asset and also support the tourism sector with wet weather facilities. Both WAVES and Lifestyle are involved in helping people to be fitter with formal programmes of activity.

The Board is hopeful that 2013/14 will represent the low point in the decline of the Company's turnover and that prospects for the next 2 years indicate the possibility of an improvement in trading. The trading position of the Company remains finely balanced and investment is needed in attracting new events and bookings.

The Company notes the Council's consultation budget issued in November 2013, envisages a cumulative reduction in the support grant of £120,000 over three years, alongside a continuation of the Capital Programme in 2014/15 to enable investment in major repairs to the pool roof and other parts of the building and its equipment. This will mean the revenue support grant for the Company at £549,000pa in 2015 will be at its lowest level ever, after allowing for the impact of inflation.

The Board is satisfied that this proposal provides an appropriate level of support to the Company to assist it in the task of improving its overall financial performance.

Alex Rowe  
Chair  
January 2014

## **2 Facilities**

The Centre provides the following facilities

### **2.1 Conference and Events**

**Forum:** 1500 seated auditorium (approx 1,000 ground floor, 500 balcony) with stage, bar and food servery. Total of 1,320 sq m of floor space with retractable seating on the balcony.

**Arena:** Exhibition Hall and Bar with a total of 1,750 x sq m of floor space on the ground floor and first floor.

**Rosetor:** large meeting/break out/function room – 350 seated theatre style, up to 250 on rounds for dinner, up to 700 for reception, total of 600 sq m floor space.

**Burdett Room:** Meeting room, up to 200 seated theatre style, 180 sq m floor space.

**Grace Murrell Suite:** meeting/function room(s), 240 sq m total floor space, but can be sectioned off into 2 or 4 separate meeting rooms.

Extensive **Kitchen facilities** able to support banquets of up to 1100 people on cook chill method.

Also able to offer **Outside Catering** for events & private functions.

#### **Staffing:**

Conference Bureau, sales and marketing: 5 staff 4 FTE

Events management, catering and support: 13 staff 4FTE plus call off casual staff as required

Kitchen and Bars: Head Chef, Bars Manager and 12 staff; 11 FTE plus call off casual staff as required

### **2.2 Leisure**

**Waves:** 25m Fun pool with Wave machine, flume and children's play area with associated changing accommodation and party venue

Staffing: Manager and up to 20 staff on call, off contract as required

**Lifestyle:** 60 station Gym with sauna and Jacuzzi health and beauty suite, 16 bike exercise room, Aerobics, Dance and Exercise Studio

Staffing: Manager and 8 staff; 6.5 FTE and call off as required

**Brasserie:** 90 covers café primarily supporting the leisure business

Managed by FOH Manager with 3 staff; 2FTE and call off as required

### **2.3 Support facilities and staff**

In addition a small support management and support team work to support these activities at the Centre

**Management** General Manager who leads on Conference and events and Finance manager who leads on Leisure - office suite on lower ground floor

**Reception, Retail and amusements areas and Car Park** 350 spaces managed by FOH manager with 3 staff; 3FTE

**Finance/HR** team: 5 Staff; 3FTE

**Maintenance** team 4 staff; 4FTE

A total of 80 staff (65FTE approx) are currently employed by the Centre plus casual staff when required. Overall staff numbers have reduced significantly over the last 18 months (down from 101FTE in 2011/12) following a drive to reduce costs.

## **2.4 Constitution and Lease**

The Company is constituted as a not for profit company formed in 2002. No payment is made to the Directors. The major benefit of this form of constitution is the relief of Business Rates which is worth of the order of £250k pa to the company and none payment of VAT on leisure activities at the centre worth of the order of a further £50k pa.

The Building is owned by Torbay Council and leased to the Company. The Centre Lease/Management Agreement has a further 5 years to run from April 2014, with provision in the agreement for continued revenue support from the Council throughout this period. Given the long term nature of the Business and the inability to attract grants due to the short term nature of the remaining lease the Company is requesting the grant of a new term from the Council of up to 40 years.

## **3 Analysis of 12/13 key achievements, performance and results**

### **3.1 Conference and Events**

The Centre makes an important contribution to the economic life of the Bay. 17 major events (those that generate accommodation) took place at the Centre in 2012/13 with approximately 18,000 delegates attending, this equates to an estimated 40,630 sleeper nights, generating an approximate income of £8.7m to the Bay. (Each delegate for a 24hour event is estimated to be worth £215 per stay in Torbay). It is not just the large hotels who benefit from impact of the Centre; many small businesses also derive substantial benefits e.g. taxi firms, restaurants etc

The Centre hosted an additional 48 large events during 2012/13, (these are large events of over 200 delegates for one day or less). In addition the facilities were used for 163 meetings and events for local businesses, charities and organisations, of 200 people or less, plus a further 112 local meetings and events held by Torbay Council, Torbay NHS Local Commissioning Group, Local NHS Trusts and the TDA.

The level of business secured by the Conference Centre is underpinning investment in the hotel sector with the attraction of branded hotels to the Bay. Further investment of the type is anticipated in the near future in Torquay.

The Centre uses a modified version of research undertaken in 2006 by the four National Tourist Boards about the value of conferences and events. This assessed the value of Association events at £221 per sleeper night. The value for Torbay was adjusted to 86% of the national rate at £191, to reflect local conditions. This was updated to reflect current values in 2010 at +12.5% = £215 per sleeper night. No further national research into this has yet been undertaken by the industry so we are continuing to use this formula.

The conference and events activity is cyclical and the economic benefit to the Bay has ranged between £7m to £9m pa in recent years, using the above model. Whilst the actual number of major events attending the RICC has not reduced dramatically over recent years, there has been a reduction in the number of delegates attending those events, which reflects national trends as a result of the recession.

The Centre is also an important venue for events, entertainment and some sporting activity, making an important cultural contribution to local life.

The Centre also operates a profitable outdoor events business including events at Plymouth Pavilions.

Thus the Council's subsidy for conference and events of c£430k (i.e. two thirds of the 12/13 total subsidy of £645k) is multiplied by 20 times in the local economy (when taking into account the estimated £8.7m income to the Bay).

## 3.2 Leisure

**3.2.1 Waves** provides a valuable swimming facility for the Bay which is already short of at least one 25m pool. 96,671 swims took place in the pool last financial year (last 3yrs average 97,150). 194 swimming lesson sessions took place (3 year average 189). 96 private hires were also secured.

Waves supports a number of social inclusion initiatives for the area by offering the following concession/discounted Rates:-

- Registered Disabled
- Registered Carers - 1470 last year (3 year average 1758)
- DeCIDE ID - Directory of children with disabilities
- Library & Leisure Card – 2823 last year (3 year average 3194)
- NHS
- Torbay Holiday Helpers Network
- Groups of 10+
- Under 3's - Go free
- Support 'Local' Charity Letters

Waves also runs/belongs to the following schemes:-

- Weight Management Course (Pool & Lifestyle)
- GP Referrals Scheme (Pool & Lifestyle)
- English Riviera Attractions Passport

**3.2.2 Lifestyle** with average membership for 2013 at 1060 – (About one third are 50+ members) makes a significant contribution to the fitness of residents. Member visits in 2012 were 73,150 and Non-member visits 13,600; private hire usage from studio hire, massage, beauty room and WABBA training were 6,300; giving a total 93,050 visits (Average for last 3 years 93,664). More than 650 people have participated in the GP referral scheme with 369 completing the scheme and 252 becoming members. 10 day taster sessions remain very attractive with 1069 being sold last year.

Fit for the Future is a further key initiative being supported by Lifestyle.

**Local events** As well as the Leisure facilities, the event areas are regularly used to support local community events – some examples include:

- Torbay Schools Festival of Music (formerly Schools Proms)
- Civic Carol Concert
- Local elections
- Robert Owens Community Conference
- Devon Fire & Rescue Roadshow for senior schools
- South Devon College and Open University Award ceremonies
- Torbay Amateur Boxing Evenings
- Several local school award/speech days
- Torbay Care Trust Awards
- Schools summer concert
- Foreign Student Classrooms & Discos
- Community based meetings/forums, such as; Save Our Station (Coastguard); Fire Service Meeting

These aspects of the business have proved to be very resilient during the recession. Pricing of the leisure offer and events has also been reviewed to simplify the charging structure and maximise revenue where possible.

### 3.3 Brasserie

The offer at the Brasserie has changed significantly during the last year to improve its profitability. For example Sunday lunches have been discontinued and the menu simplified. The Galley was closed at the same time as these changes were made. The Brasserie is now operating more as a coffee shop. Over 23 000 meals and snacks were offered and over 37,000 teas and coffees served with a total of 61,444 (3 year average 55,489).

### 3.4 Support services

The management team have worked hard over the last year to reduce costs in the business with the following significant reductions delivered, although there have been some compensating increases in costs to fund alternative provision.

<b>Summary of Savings</b>		
	<b>2012/13 Saving</b>	<b>2013/14 Gross Saving</b>
- Revised Security arrangements	13,891	69,472
- Outsourcing of Cleaning	18,000	36,870
- Restructuring management team	133,337	139,491
- Closure of the Galley	6,000	10,000
- Restructuring Kitchen staff	40,000	51,000
- Changes to Front of House Supervision	18,810	26,840
- Restructuring Sales Executives team	19,770	36,500
- Changes to Waves Supervision	11,000	16,500
- Reduction of Lifestyle Staff	13,267	15,000
- Improved buying	47,130	54,040
- Restructuring Halls support	5,930	14,200
- New board of directors unpaid	29,360	29,360
<b>Total</b>	<b>356,495</b>	<b>499,273</b>

### 4 Business prospects for 13/14 and beyond

Business prospects are starting to improve with the Country gradually coming out of recession and there is a feeling that some confidence is returning to the Conference Industry. Whilst we are not yet seeing a major improvement in our diary for 14/15 we are certainly seeing an increase in enquiries & provisional bookings for 15/16 (as can be seen in the table on pages 12/13).

Enquiries for all other types of events also seem more buoyant and having recently revisited our delegate packages, rates & menus we are anticipate an increase in the use of our smaller function rooms for meetings and private bookings.

The Leisure business remains appealing to and well used by, both residents and visitors. Membership retention in the Health Club remains high and we are investigating how we might extend the gym should investment become a possibility. Use of the Leisure pool also remains high due to the inclement weather we experience during holiday times, and the investment we were able to make in the pool features in 12/13 has seen a dramatic increase of parent and toddler users.

The cafe/public catering outlet remains in need of investment before a substantial improvement in the trading position can be expected, but small inexpensive changes plus a change in Line Management have already resulted in a recent increase in footfall and spend.

#### 4.1 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Clear political support for the business</li> <li>• Investment in the facilities offered with major programme of repair for plant and equipment and other essential repairs eg pool hall windows and roof</li> <li>• Costs now in line with revenue and budgeted support from Council</li> </ul>	<ul style="list-style-type: none"> <li>• Impact of closure rumours from 2010 led to downturn in bookings in 2012/13 &amp; 2013/14</li> <li>• Building needs further investment in major repairs programme and needs upgrading</li> <li>• Limitation of fun pool and changing expectations of customers</li> <li>• Inability to extend lifestyle due to limited changing accommodation and layout</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Country starting to come out of recession</li> <li>• Upturn in event enquiries for future years</li> <li>• Untapped market for regional and local events</li> <li>• Business tourism one of 5 strands in the adopted ERTC Tourism strategy</li> <li>• South Devon Link Road under construction</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition from other venues nationally and locally</li> <li>• Alternative facilities for leisure and fitness opening locally</li> <li>• Trend for major events to locate at the Centre of the country and reduction in the popularity of seaside locations</li> </ul>

#### 4.2 Deep Dives

The Board has undertaken a series of deep dives into each aspect of the Business with a review programmed for each Board meeting during 2013/14.

The primary aim of these sessions is to work with the manager to

- understand performance for the last 12 months
- identify any further areas for reduction in costs
- ensure there is an understanding of the market we operate in with business trends
- assess scope for expanding business
- identify any obstacles to this or investment needs

The main results from this exercise have been

- to agree an action plan for each part of the Business including further costs reduction, action to grow the business and market it more effectively
- to implement a detailed review of the pool operational arrangements without compromising safety
- develop marketing plan for the Centre
- a rigorous holding to account on GP margins
- steps to ensure we do not lose market share for Lifestyle
- to establish key performance indicators from which to assess future performance

Given there are unlikely to be further opportunities for significant cost reductions except possibly the pool, the main focus of the Action plan following the deep dives is to aggressively market the Centre and secure new business on terms which are favourable to the financial performance of the Centre overall.

### **4.3 Marketing plan**

The area identified with greatest potential is to focus on attracting repeat business and a renewed effort in respect of local and regional business. A brief overview of our Marketing activities is as follows:-

This is focussed through the Conference Bureau to promote the RICC and the English Riviera as a conference destination and through the RICC's corporate marketing to promote the leisure facilities, regional event facilities and public events held at the RICC.

#### **RICC and Conference English Riviera destination Marketing**

##### **Current Marketing Activities**

- Conference Torquay rebrand to Conference English Riviera
  - Website redevelopment, redesign and optimisation (ongoing)
  - Advertising and directory adverts
  - New RICC and Location photography
  - New exhibition stands
- Industry Networking and promotional events and exhibitions such as International Confex, and EIBTM
  - preshow marketing, preparation and general administration including Eblasts
  - attendance, lead generation, analysis and follow up
- Advertising
  - industry publications and directories, both hard copy and on line,
  - includes advert design, preparation, liaison and general admin
- RICC website redevelopment
  - merging of information from conference focused website to main website.
- PR and social media: ongoing

##### **Planned marketing Activities**

- New Initiative for October: South West Venue Show.
  - Email, promotion. preparation and preshow marketing.
- Finish Photography for RICC and location
- Continuing programme of optimisation and development of the Conference English Riviera Website
- Ongoing development of the RICC National Conference pages on the Riviera Centre website
- Continuation of the above marketing activity
- New conference English Riviera Brochure

#### **Leisure & Regional Event Marketing**

##### **Current marketing activities**

The marketing strategies and tactics vary considerably for each Department: Bay Brasserie, Lifestyle Health & Fitness Suite, Waves Leisure Pool and Conferences and Events. All trade in different industries with different competitors and have different target markets. However, put simply the below list details into the range of marketing channels, both online and offline, that are utilised (in different measures) to promote the leisure and regional event facilities:

- Broad cast
  - Press & Publications
  - Radio



- Literature/POS
  - Leaflets, Brochures, Posters
  - Displays
  - Business Cards
  - Postal Mailings
- Outdoor
  - Signage
  - Bus Stop Posters
  - Banners
- Online
  - Web Listings & Links
  - Social Media
  - Website
  - Email / Newsletters
- Miscellaneous
  - Community Schemes
  - Photography / Design
  - Merchandise
  - Discounts / Vouchers
  - Customer Surveys
  - Benchmarking
- PR
  - Networking & Exhibitions
  - Charity events (organisation & donations)
  - Press Releases

### **Planned marketing activities**

A continuation of the above mix of marketing channels for all Departments plus the following:

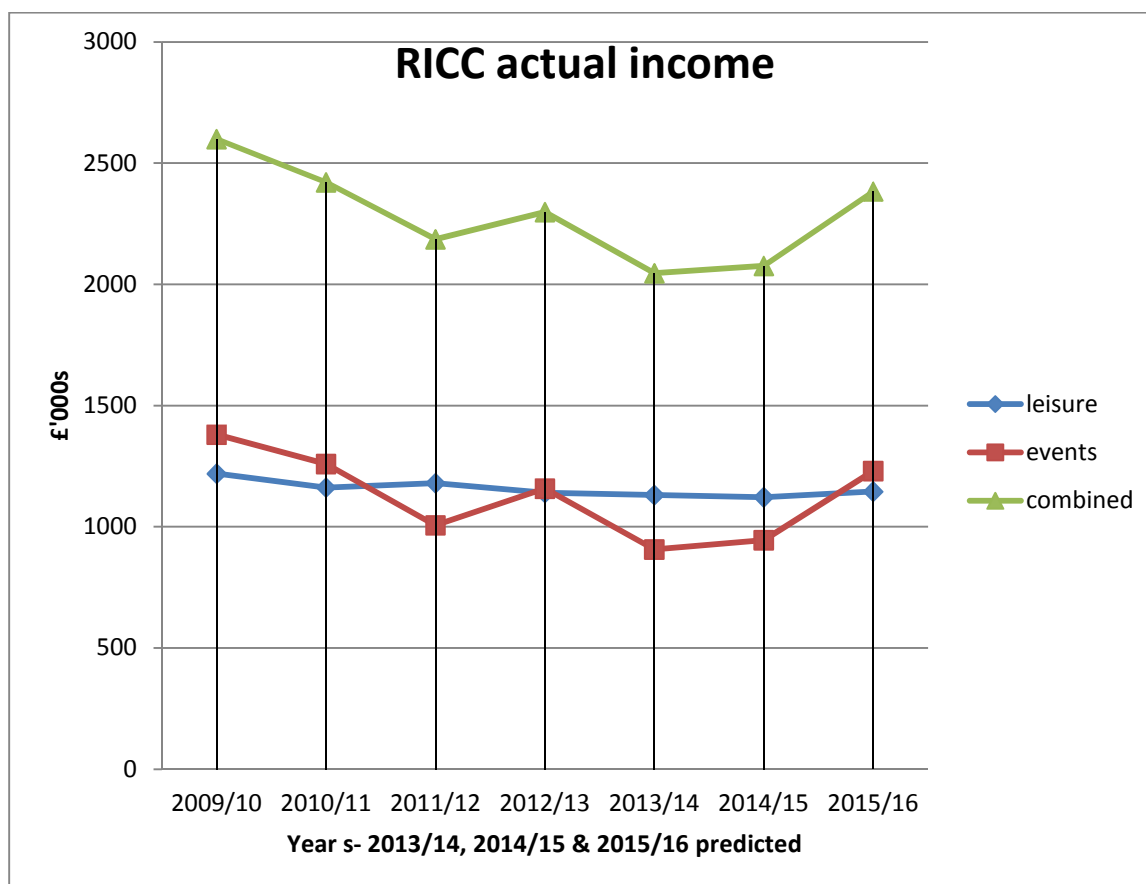
- Video
- Virtual tours

## **5 High level financial summary** Assumptions and risk factors

### **5.1 Income**

Income to the business has been declining in recent years primarily due to the recession but also due to the impact of the threat of closure of the Centre in 2010/2011 and the impact of increased competition. The current Mayor elected in 2011 regards the Centre as fundamental to the future of Business Tourism in the Bay. As a consequence he has supported capital investments in the Centre to the value of £1,000,000 in the current financial year.

However the following graph indicates the trends just after the Banking crisis of September 2008 when business activity declined severely and the uncertainty about the future of the business in 2010 referred to above. The picture would be even more pronounced if an adjustment was made for inflation. The forecast for the next two years is also included.



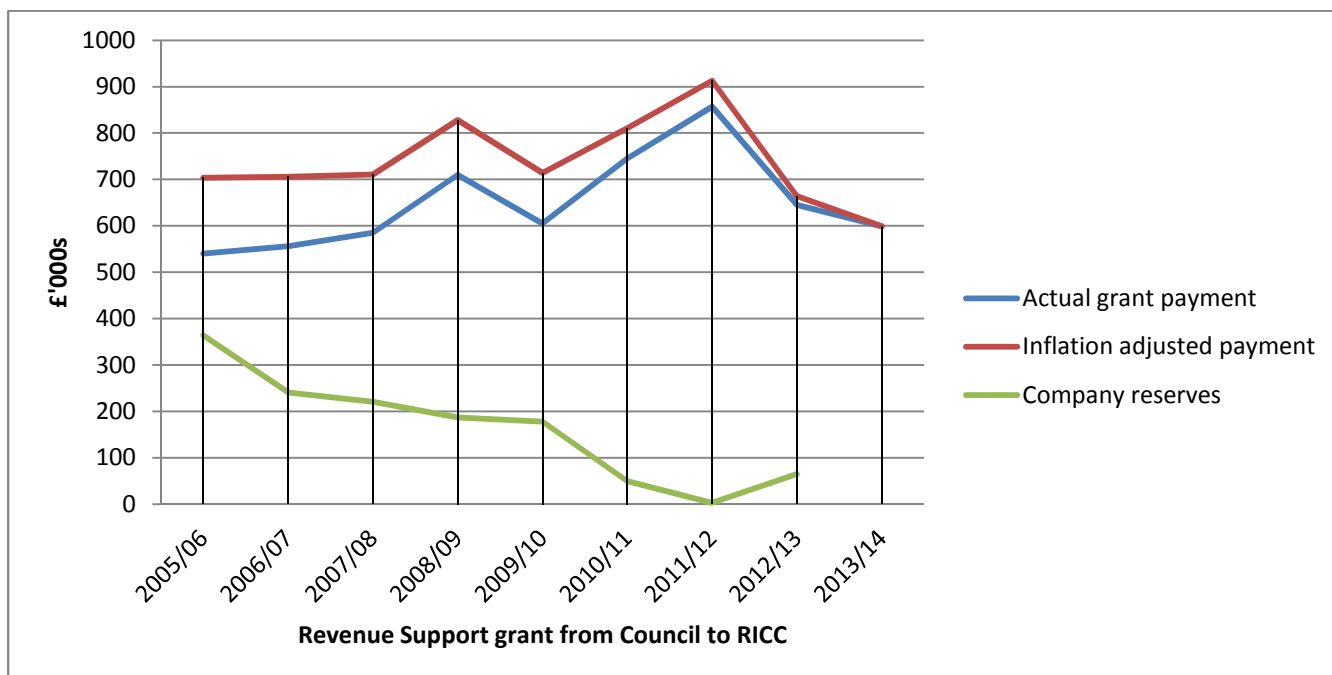
## 5.2 Financial support from the Council

The Business has always required financial support from the Council to sustain both the economic and community benefits which are derived from its use.

In recent years the amount required increased significantly with the impacts of recession, possible closure and increased competition from other venues. This directly countered the trends in income highlighted in section 5.1

Year	Revenue	Additional grant	Total Revenue support Grant	Grant in today's terms adjusted by RPI	Reserves at year end	Comment
05/06	£540,000		540,000	704,000	363,700	
06/07	£555,700		555,700	706,000	240,900	
07/08	£585,300		585,300	711,000	221,350	
08/09	£585,000	125,000	710,000	828,000	181,250	Additional grant to reflect impact of Sept/08 bank crisis
09/10	£605,000		605,000	714,000	178,240	Reserves run to a low level
10/11	£620,000	125,000	745,000	811,000	49,830	Additional grant to reflect recession
11/12	£632,000	150,000 75,000	857,000	913,000	3,100	Additional grant to reflect recession in Jan & March
Average				769,571		
<b>Start of new RICC Board – April 2012</b>						
12/13	£645,000		645,000	664,000	64,850	
13/14	£599,000		599,000	599,000	n/a	

## Council Grant Support to the RICC 2005-2013



The graph and chart indicates the trend in the level of the Council’s revenue support for the company through to 2011/12 was upward both in actual and real terms until April 2012. At the same time the reserves of the company declined from £363,687 to £3,100 as the company used its own resources to also bridge the funding gap particularly after 2009/10.

Since April 2012, when the new Board came into office, a reduction in the cost of the centre to the community through the grant from the Council has been secured of over £250,000 in actual payments year on year; put another way and taking inflation into account, a reduction of £170,000pa over the long term average level of support for the business in real terms has been delivered in the last 18mths.

The need for subsidy arises as a result of 4 key factors.

1. The company understands all other venues (other than the QE2 Centre in London) attract events through subvention (subsidy per delegate attracted) from the Local Council. Eg It is understood Bournemouth International Centre was supported to the sum of £1.555m in 2009/10 through subvention. Torbay has to compete with this factor in the deals it makes with promoters of events.
2. The peripherality of Torbay relative to other conference centres means events have to be subsidised/quoted at a more competitive price to secure them and the associated economic benefit.
3. Municipal Leisure facilities as a whole generally do not cover operating costs particularly in the case of swimming pools and in addition some discounts are offered to increase inclusion
4. High fixed costs in a labour and utilities dependant business in the current building, means that to eliminate subsidy, the total revenue needs to grow to an unrealistic level

The subsidy for conference and event is, based on past research, thought to be around two thirds of the grant with the remaining one third relating to the leisure business.

### 5.3 Support for Capital expenditure

The Riviera Centre cost of the order of £15m to construct in the mid ‘80s. Whilst £3m of this was funded through the European Regional Development Fund, it represented a major investment by the Council of the time and has an equivalent cost today of the order of £35m. The building was opened more than 25 years ago and now needs

investment in major repairs and renewals. The Company is appreciative of the financial support from the Council, as the owner of the building, in investing in the basic fabric of the building.

The table below highlights the sums made available by the Council over recent years and planned for the forthcoming year.

Year	Capital investment	Comment
05/06	161,000	Replacement of forum theatre Chairs and major catch up repairs
06/07	78,000	Repair of chillers and other catch up repairs
07/08	261,000	Air conditioning plant
08/09	0	
09/10	0	
10/11	7,000	Architectural fees
11/12	0	
<b>Start of new RICC Board – April 2012</b>		
12/13	137,000	Fenestration repairs and other structural work
13/14	774,000	Plant replacement and equipment renewal
14/15	209,000	Equipment renewal; refurbishment and pool roof repair

#### 5.4 Conference and Events Business prospects for the next 5 years

The RICC is a long term business. Forward bookings for major events\* as at October 2013 over the next five years are already as follows:

Status	2012/13	2013/14	2014/15	2015/16
Contracted	17 events	22 events	8 events	4 events
Agreed			7 event	2 event
Provisional			7 events	7 events
Tentative			4 events	12 events
Total delegates	18,000	19,130	16,000	27,000
Estimated sleeper nights	40,630	44,630**	23,700	55,500
<b>Economic Value at £215per 24hr</b>	<b>£8.7m</b>	<b>£7.2m**</b>	<b>£5.1m</b>	<b>£11.9m</b>

*\*For the purpose of the above table, events included are only those expected to create sleeper nights, the figures do not include economic benefit generated by day visitors.*

*\*\* 13/14 figures heavily influenced by the Centenary British Chess Championships – whilst the event generated a considerable amount of sleeper nights, it is estimated that the 24hr value per delegate is considerably lower than the average, therefore a reduced delegate rate of £130.00 was used as a multiplier.*

Thus a total of nearly 80,000 delegate nights are predicted over the next 2 years and this can be expected to grow in the final 2 years of this period as enquiries materialise & firm up.

The total value of all events to the business for the next 3 years is estimated as follows:

Status	2013/14	2014/15	2015/16
Unspecified		236,766	236,823
Tentative	2,559	114,141	373,869
Provisional	6,838	226,879	241,890
Agreed	750	83,027	96,618
Confirmed	804,521	192,987	189,417
Christmas	65,666	67,889	67,889
Bureau income	25,690	23,700	23,700
<b>Total</b>	<b>£906,024</b>	<b>£945,389</b>	<b>£1,230,206</b>

The prospects as identified above represent an encouraging turn around in fortunes and it is to be hoped that 2013/14 does represent the low point in the Company's trading position. However the lead time to attracting new events is general quite significant, typically two to three years, so it will be some time before the current focus on marketing the Centre brings results.

### **5.5 Leisure Business prospects for the next 5 years**

As will have been noted from the graphs above at section 5.1, the Leisure business has been more stable. However it has been difficult to raise prices during the last 3 years due to the impact of the recession on the Torbay economy.

Business in WAVES is very weather dependent and has gained from the wet weather experienced in the period 2009-2012. 2013 was much drier with heat wave conditions in July but it appears the less settled weather of late July and August led to high levels of business during the school holiday.

Lifestyle is less weather dependent but admissions are lower during very hot weather.

For the purposes of the forecast for the next 2 years it has been assumed that income and costs will be broadly similar to the last 2 years as it is felt that there is limited potential to attract additional use of the facilities without major investment.

## **6 High level Financial forecast 2013/14 to 2015/16**

### **6.1 Revenue budget requirements**

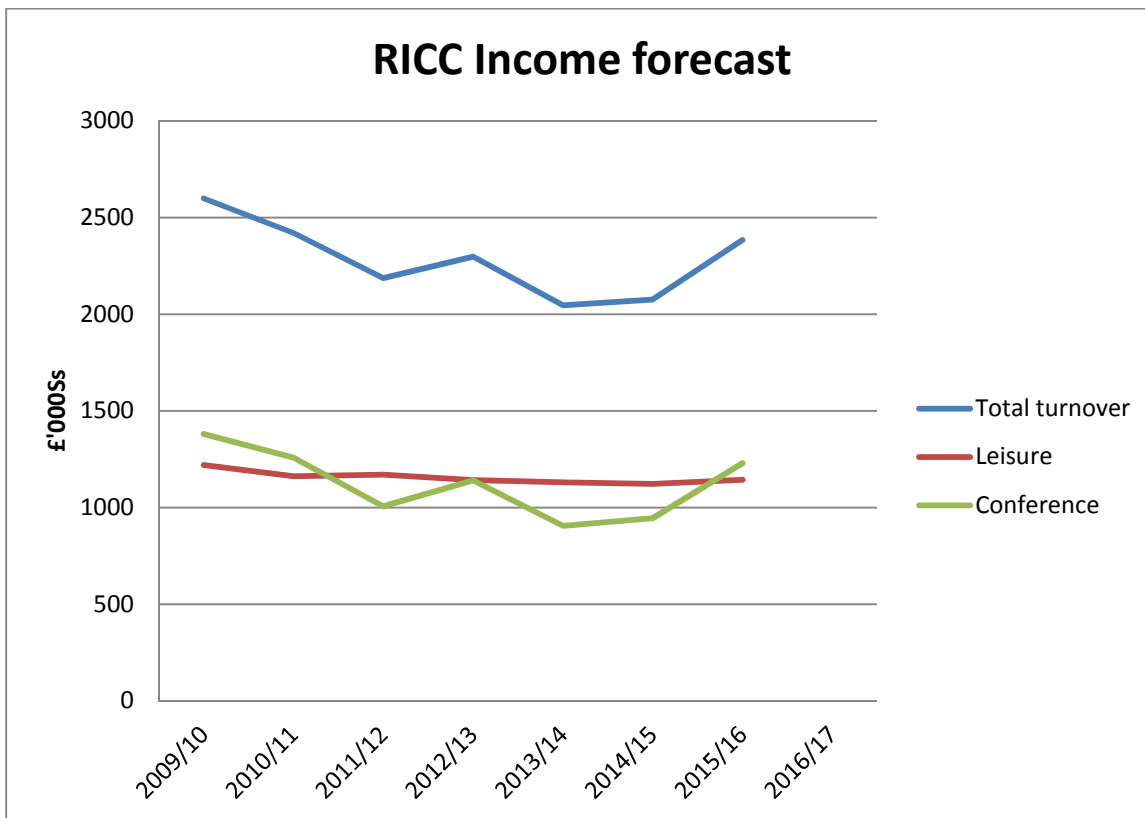
The primary assumption for the future is that there are limited prospects for growth in the leisure business. Even a 10% increase in admissions has a limited impact on the bottom line, whereas one major event can have a similar impact. However every effort is being made to ensure these aspects of the Business are as efficient as possible and have been the subject of detailed scrutiny by the Board over the last year. Action Plans are being implemented as a result of this.

The Boards primary focus is therefore to rebuild the Conference and Events profile of the Centre as a venue for Local, Regional and National Events.

The table below sets out a forecast of expected income and expenditure for the current year and next 2 years. This is then shown graphically and illustrates there is a reasonable prospect of income growth over this period. The budget incorporates the consultation proposals from the Council to bring down the revenue support for the Company to £579k in 2014/15 and to £549k in 2015/16 and 2016/17.

Major changes in the financial prospects of the Company have been included, including price increase where it is felt the market will be the change; an allowance for the anticipated improved efficiency of the new boilers, but a full years operation will be needed to fully assess this; provision of pensions in Accordance with new statutory scheme.

<b>RIVIERA INTERNATIONAL CONFERENCE CENTRE</b>						
<b>Trading and Profit and Loss Account Summary</b>						
		New Board as of April 12	Estimated Mar13	Estimated Feb14	Estimated Feb14	Estimated Feb14
<b>Years to 31 March</b>						
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Budget</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>						
Leisure	1,169,932	1,142,272	1,049,760	1,130,794	1,122,335	1,144,781
Conference	1,006,135	1,140,807	999,338	906,024	945,389	1,230,206
Other	10,392	15,009	12,108	9,255	8,400	8,400
<b>Total Turnover</b>	<b>2,186,459</b>	<b>2,298,088</b>	<b>2,061,206</b>	<b>2,046,073</b>	<b>2,076,124</b>	<b>2,383,387</b>
<b>Cost of Sales</b>						
Leisure	188,124	178,393	145,768	148,642	148,203	151,167
Conference	279,757	284,932	237,029	227,201	223,595	281,350
<b>Total Cost of Sales</b>	<b>467,881</b>	<b>463,325</b>	<b>382,797</b>	<b>375,843</b>	<b>371,798</b>	<b>432,517</b>
	21.4%	20.2%	18.6%	18.4%	17.9%	18.1%
<b>Gross Profit</b>						
Leisure	981,808	963,879	903,992	982,152	974,132	993,614
Conference	726,378	855,875	762,309	678,823	721,794	948,856
Other	10,392	15,009	12,108	9,255	8,400	8,400
<b>Total Gross Profit</b>	<b>1,718,578</b>	<b>1,834,763</b>	<b>1,678,409</b>	<b>1,670,230</b>	<b>1,704,326</b>	<b>1,950,870</b>
	78.6%	79.8%	81.4%	81.6%	82.1%	81.9%
<b>Wages &amp; Salaries</b>	<b>1,751,837</b>	<b>1,427,827</b>	<b>1,267,672</b>	<b>1,204,466</b>	<b>1,204,328</b>	<b>1,304,979</b>
	80.1%	62.1%	61.5%	58.9%	58.0%	54.8%
<b>Administrative expenses</b>	<b>904,976</b>	<b>1,033,401</b>	<b>1,044,924</b>	<b>1,043,752</b>	<b>1,041,858</b>	<b>1,095,836</b>
	41.4%	45.0%	50.7%	51.0%	50.2%	46.0%
<b>Trading loss</b>	<b>(938,235)</b>	<b>(626,465)</b>	<b>(634,187)</b>	<b>(577,988)</b>	<b>(541,860)</b>	<b>(449,945)</b>
	-42.9%	-27.3%	-30.8%	-28.2%	-26.1%	-18.9%
Revenue Grant from Torbay Council	857,100	644,800	599,000	599,000	579,000	549,000
Capital Grant from Torbay Council	0	43,725	0	0	0	0
Amortisation of Grants	34,400	0	0	0	0	0
<b>(Loss)/Profit before Taxation</b>	<b>(46,735)</b>	<b>62,060</b>	<b>(35,187)</b>	<b>21,012</b>	<b>37,140</b>	<b>99,055</b>
	-2.1%	2.7%	-1.7%	1.0%	1.8%	4.2%
Capital works paid for directly or funded by Torbay Council		93,413	773,862	773,862	209,000	
Weekly Staff Numbers	83	53	50	50	50	50
Monthly Staff Numbers	41	34	30	30	30	31
Full Time Equivalent	101	71	65	65	65	66



The draft business plan seen by the Council in November/December 2013 was based on projections prepared in October 2013 to coincide with the Council's budget cycle. The Board expects to eliminate the loss forecast at that time for the current year and is on course to do so as is shown in these latest estimates. Revised budgets for 2014/15 and projections for 2015/16 have also been prepared, but it should be noted that much of the income is not yet contracted and is therefore at risk.

## 6.2 Capital programme requirements

The Company is dependent upon its Landlord, The Council for financial investment in capitalised repairs and improvements as the P&L account is unable, at the present time, to generate resources for this. The Council has made £1.1m available from the current Capital Plan and this has been used for the highest priority issues at the building

- Structural repairs
- Fenestration repairs to the Pool hall sea facing windows
- Replacement of Boilers and Air conditioning/handling plant
- Essential equipment replacement and refurbishment of facilities
- Roof repairs will follow these works in early 2014.

Given the building is now over 25 years old, further investment in renewals and improvements will be needed. The table below sets out some of the more vital capital repairs required over the next 5 years and the Company is seeking the support of the Council for funding to undertake these works from 2014/15 onwards.

Item	Approx cost (all plus VAT)	Comment
Install air conditioning units for Lifestyle to manage temperature in the Gym	£13,000	Current conditions lead to many complaints, especially at peak times.
Replace obsolete lighting to Forum, Arena, Pool and Stairwells	£140,000	Forum - £44,215; Arena - £42,015; Pool - £25,215; Stairwell – £28,775
Car Park – repair worn surfaces*	£70,000	Various options for the work range from £30,000 - £150,000
Swimming pool steelworks– inspect, repair & repaint AHU rods & brackets*	£50,000	
Swimming pool steelworks – repaint roof structure*	£120,000	
Swimming pool – repair/repaint flume tower*	£30,000	
Replace obsolete ceiling tiles in the Forum (main conference auditorium)	£62,000	Parts are no longer available for repairs to current ceiling tile system.
Sanding & resealing Granwood flooring in Arena	£16,000	An inspection will first be required to ascertain whether sufficient depth remains to carry out this work. If insufficient depth remains then at some stage the flooring will need to be completely replaced.
Replace Forum Carpet	£30,000	The current carpet is 14 or 15 years old and is heavily worn in places, with permanent stains in certain areas.
Refurbish & modernise event toilet blocks	£40,000	8 blocks at approx £5,000 per block. These toilets have not been refurbished during the Centres history and are badly in need of attention.
Replace kitchen & bars AHU's (on roof)	£33,000	
Upgrade public lift, replace cabling/control panel	£28,000	There is an option to only replace cabling/control panel for approx £13k but this would not remove the risk of ongoing repairs.
Pool circulation pumps & strainers	£12,000	Spare parts/pumps are possibly being salvaged from Plymouth Pavilions following the closure of their pool, but it is yet unknown as to whether they will be compatible with RICC plant.
Empty, clean, repair & refill pool water sand filters	£11,000	It is recommended that this is carried out before too long.
Replace flooring in staff corridor	£3,500	Flooring has shrunk & become detached from ground in areas – cracks & splits currently being covered with tape.
Replace fan coil units in Reception & Burdett	£11,500	Could be done in stages – approx 5 will need replacing at a cost of £2,300 each.
Replacement/refurb of refrigeration equipment	£42,000	The majority of fridge/freezer equipment, inc the blast chillers and walk in fridge/freezers, run on a refrigerant which is being phased out and will become obsolete, this could be overcome with replacements parts.(Figure is worst case scenario).
Replacement parts for ovens (plated system)	£9,600	It is assumed that the ovens more than 5 years life left in them, this figure is based on replacement fan motors for each unit.
Replace/renew banquet chairs:- Phase 1 x 250 Phase 2 x 450	£7,500 £13,500	Current banquet chairs were purchased when the building was first opened, many have been decommissioned due to weakness in the frame creating a risk of collapse.
<b>Total</b>	<b>£742,600</b>	

\* As identified within TDA feasibility study



## **7 High level Action Plan**

The Company has set itself the objective of rebuilding income back to the levels experienced 3 years ago at around £2.5m pa whilst at the same time not seeking a support grant from the Council above the level agreed for the current year.

The main components of the plan to achieve this are:

- 1 Implement marketing plan to secure further business over and above current forecast.
- 2 Implement each deep dive action plans to ensure each sector of the business is as efficient as it can be and is focussed on growing the business.
- 3 Complete fundamental review of all areas of the Business when appropriate
- 4 Undertake prioritised investment in key areas of the business to improve profitability or minimise overhead cost eg Bay Brasserie replacement of worn out furniture and fittings, changes to operational plan for WAVES, “Changing village concept” for changing rooms, traditional circuit training facility for Lifestyle. These plans to be implemented as the P&L account allow.
- 5 Continue major upgrades of the building, as capital funds from the Council allow.
- 6 Seek 40 year lease renewal from the Council to provide long term security to the business, and the potential to attract grants for further improvements.

## **8 Conclusion**

The Board is hopeful that having controlled costs and implemented a new marketing strategy that the current year represents the lowest point in the financial fortunes of the centre. It believes this business plan sets out a coherent way forward for the business and seeks support for it from the Council so that the Centre can continue to make a major contribution to the economic and community life of Torbay residents.

February 2014