

COSTING OF OPTIONS FOR CACCIA BIRCH HOUSE

Option 1 – Service delivery by a CCO (status quo)

Expenses	
CBTB operating grant	103,304
CBTB trustee meeting grant	6,120
Property maintenance	101,428
Net Expenses	210,852
Net Surplus/(Deficit)	(210,852)

The budget for Option 1 is based on the following assumptions:

- Council would continue to provide the same level of operating grants to Caccia Birch Trust Board (CBTB).
- Council would continue not to receive any hire revenue or rental income for the property.
- Council would continue to spend the same amount on property maintenance as is currently budgeted.

The costs to CBTB of running the property under this option are outlined in its annual reports, which are publicly available on the Charities Register and Council's website.

Option 2 – Service delivery by the Council

Compared with the status quo, this option would save Council \$23,754 p/year.

Income	
Catering commission	11,596
Hireage	92,276
Net Income	103,872
Expenses	
Staff costs	86,940
Cleaning	25,480
Energy	8,000
Lawn mowing and care	18,022
Grounds maintenance	16,500
Insurance on chattels	3,600
Property maintenance	106,428
Security	5,000
Net Expenses	269,970
Operating Surplus/(Deficit)	(166,098)
Less depreciation on chattels	21,000
Net Surplus/(Deficit)	(187,098)

The budget for Option 2 is based on the following assumptions:

- Hireage income is conservatively estimated as the same as the facilities hireage and recoveries from hireage reported by CBTB in 2018/19.¹
- [REDACTED]
- [REDACTED]
- There is a full-time staff member on-site, plus 0.5 FTE allowance for venue support staff.
- The grounds are maintained by a 0.25 FTE with an estimated \$5,000 per year in consumables.
- There is 10.5 hours of cleaning per week plus consumables.
- Minimal or no staff time is saved in managing CCO accountability, relationships, and trustee appointments, as Council has other CCOs that it will continue to manage.
- Venue promotion, finance, and community engagement can all be managed within existing resources.
- Council continues its current level of building maintenance and takes on the maintenance currently funded by CBTB.

¹ These figures are used as 2019/20 figures were impacted by COVID-19 Alert Levels 3 and 4.

- Depreciation on chattels represents additional capital renewal expenditure that Council would be required to undertake on an annual basis.

Option 3 – Service delivery by a commercial person or agency

Compared with the status quo, this option would save Council \$237,424 per year.

Income	
Rent	128,000
Net Income	128,000
Expenses	
Property maintenance	101,428
Net Expenses	101,428
Net Surplus/(Deficit)	26,572

The budget for Option 3 is based on the following assumptions:

- Estimated rent is based on the notional rent contained in the deed of lease for Caccia Birch House in 2016. That amount was calculated based on how much the property is likely to cost Council, rather than a market rental appraisal. The property is so unique that we have no clear comparison for what a commercial rental rate might be.
- Because Caccia Birch House is an important heritage property, Council would continue to spend the same amount on property maintenance as is currently budgeted.
- Minimal or no staff time is added in managing the tenant relationship, as Council has other commercial leases and one more will not add significantly to the workload.
- No provision has been made for Council to pay a management fee to the leaseholder to manage the venue. This is because without a request for proposal, staff cannot determine what a fair facilities management contract fee would be. Further work would be required if Council wishes to explore this option further.

Option 4 – Service delivery by a community agency

Compared with the status quo, this option would save Council \$33,422 per year.

Income	
Rent	2,000
Net Income	2,000
Expenses	
Cleaning	25,480
Energy	8,000
Lawn mowing and care	18,022
Grounds maintenance	16,500
Property maintenance	106,428
Security	5,000
Net Expenses	179,430
Net Surplus/(Deficit)	(177,430)

The budget for Option 4 is based on the following assumptions:

- Estimated rent is based on what is currently charged to community centres.
- Council's current practice is to take on additional maintenance and operational costs for community centres when compared with CCOs or commercially leased properties. Therefore, under this option Council continues its current level of building maintenance and takes on the maintenance currently funded by CBTB.
- Chattels would be owned by the tenant, so depreciation is not budgeted for.
- The community agency would rely on volunteer time to manage the property (maybe with some small paid role(s) funded by proceeds of venue hire).
- The grounds are maintained by a 0.25 FTE with an estimated \$5,000 per year in consumables.
- Minimal or no staff time is added in managing the tenant relationship, as Council has other community leases and one more will not add significantly to the workload.
- No provision has been made for Council to pay a management fee to the leaseholder to manage the venue. This is because without a request for proposal, staff cannot determine what a fair facilities management contract fee would be. Further work would be required if Council wishes to explore this option further.

Note: Depreciation of the building has not been included in the financial information above because it is a constant across all options.