

Nuneaton Opportunities Centre – Financial Analysis

Review of Financial Performance over the last three years

Table 1 below shows financial performance over the period 2011-12 to 2013/14.

Table 1

Summary	2011-12	2012-13	2013-14
<b>Total Expenditure Actual</b>	236,372	261,613	240,807
<b>Total Income Actual</b>	154,633	139,198	121,638
<b>Total Net Expenditure Actual</b>	81,739	122,415	119,169
<b>WCC Revenue contribution</b>	97,488	118,194	100,098
<b>Variance from Budget - Surplus/ (Deficit)</b>	15,748.99	(4,221)	(19,071)

\* N.B. expenditure figures relate to direct costs only. Costs of support services are not included.

**Financial projections and pricing options appraisal**

Options 1, 2 and 3 below show the financial projections based on the status quo and two price increase models

**Option 1 - Do nothing - Continue at current prices**

		Projections					
		Outturn Forecast 14/15	2015/16	2016/17	2017/18	2018/19	2019/20
A	<b>Total Expenditure</b>	251,234	256,259	261,384	266,612	271,944	271,944
B	<b>Total Income</b>	54,742	46,442	47,370	48,318	49,284	50,270
C= A-B	<b>Total Net Expenditure</b>	196,492	209,818	214,014	218,294	222,660	221,674
D	<b>WCC Revenue contribution</b>	102,097	104,139	106,222	108,346	110,513	112,723
E= C-D	<b>Variance against budget - Surplus/(Deficit)</b>	(94,395)	(105,679)	(107,792)	(109,948)	(112,147)	(108,951)

**Option 2 - Continue service with course price increases of 100%**

		Projections				
		2015/16	2016/17	2017/18	2018/19	2019/20
A	<b>Total Expenditure</b>	256,259	261,384	266,612	271,944	271,944
B	<b>Total revised Income</b>	92,883	95,205	97,585	100,025	102,526
C= A-B	<b>Revised Total Net Expenditure</b>	<b>163,376</b>	<b>166,179</b>	<b>169,027</b>	<b>171,919</b>	<b>169,419</b>
D	<b>WCC Revenue contribution</b>	<b>104,139</b>	<b>106,222</b>	<b>108,346</b>	<b>110,513</b>	<b>112,723</b>
E= C-D	<b>Variance against budget - Surplus/(Deficit)</b>	<b>(59,237)</b>	<b>(59,957)</b>	<b>(60,680)</b>	<b>(61,406)</b>	<b>(56,695)</b>

**Option 3 - Continue service with course prices increases of 50%**

		Projections				
		2015/16	2016/17	2017/18	2018/19	2019/20
A	Total Expenditure	256,259	261,384	266,612	271,944	271,944
B	Revised income	69,662	71,404	73,189	75,019	76,894
C= A-B	<b>Revised Total Net Expenditure</b>	<b>186,597</b>	<b>189,980</b>	<b>193,423</b>	<b>196,925</b>	<b>195,050</b>
D	<b>WCC Revenue contribution</b>	<b>104,139</b>	<b>106,222</b>	<b>108,346</b>	<b>110,513</b>	<b>112,723</b>
E= C-D	<b>Variance against budget - Surplus/(Deficit)</b>	<b>(82,458)</b>	<b>(83,759)</b>	<b>(85,077)</b>	<b>(86,412)</b>	<b>(82,327)</b>

**The following assumptions have been used in the options appraisal:**

1. Expenditure and WCC revenue contribution have been projected at 2014/15 levels plus inflation.
2. Income is projected at 2013/14 levels plus inflation and reduced by £77k to account for the loss of the Pinch Barratt Mercia contract in 2015. Income levels in 2014/15 have not been used as a base for projections because income has fallen off due to the uncertainty about the future of the service.
3. Both price increase scenarios assume that there is no fall off in demand as a result of price increases and expenditure levels remain unchanged at 2013/14 levels and only increased annually by inflation.