

COMMUNITY BASE

ASSESSMENT OF RISKS TO OUR DEVELOPMENT 2010-15

We have identified a number of factors that could adversely affect our development over the next five years.

FAILURE TO RENEW PLANNING PERMISSION FOR ADVERTISING ON NORTH WALL

In February 2010 Brighton and Hove City Council planning committee withdrew planning permission for advertising on our north wall despite there being no objections to this advertising and 24 letters of support for it. This decision has reduced our income by £18,500 a year.

We have appealed against this decision and submitted an amended planning application. If planning permission for our advertising is not renewed we will have to consider increasing rent levels and/or reducing our planned capital expenditure to compensate for the loss of income caused by the planning committee's decision.

WITHDRAWAL OF DISCRETIONARY RATE RELIEF

Brighton and Hove City Council has shown its support for Community Base by giving us 100% discretionary rate relief since we opened. In March 2010 the council told us it would be carrying out a review into its discretionary rate relief in 2010-11.

If it appears likely that the council intends to withdraw the support it gives Community Base in the form of discretionary rate relief we will campaign to convince the council that it should continue to support Community Base. If our discretionary rate relief is withdrawn we would not be able to absorb this charge and would be forced to add the cost to the rental charges of charities and community groups at Community Base, identifying the reason for the increase on groups' invoices.

FAILURE TO FUNDRAISE FOR CAPITAL EXPENDITURE

We assume we will be able to raise funds to cover some of our capital expenditure. If we are not able to, and do not increase our revenue income to compensate, we will take longer to install our new windows.

A SIGNIFICANT INCREASE IN ENERGY COSTS

We will continue to take steps to reduce our energy use while ensuring it is sourced from 100% renewable sources.

A SIGNIFICANT FALL IN OCCUPANCY

If a large group or a number of small groups were to move out and other groups did not want to occupy the space left vacant our cashflow would be seriously effected. This could happen as a result of a reduction in funding for the voluntary sector due to the economic downturn, a significant reduction in local property prices, a fall in the quality of our accommodation or an increase in the local supply of high quality accommodation to community and voluntary organisations. We have minimised this risk by

- ensuring that the accommodation we offer is of a high standard and good value and meets the specific needs of community and voluntary groups
- ensuring that we hold adequate reserves to maintain and improve our building and cope with a temporary reduction in rental income
- promoting Community Base widely and maintaining contact with groups that have expressed an interest in moving into Community Base
- working with the owners of other local community buildings established with the help of public funds with the aim of ensuring that new resources compliment rather than compete with existing provision.

FIRE

A fire could have a devastating effect on our building. We prioritise fire safety in order to minimise this risk, working closely with groups to continually ensure a high level of awareness of the risk and providing periodic free fire safety training to participant groups.

A MAJOR UNEXPECTED BUILDING COST

We have insurance that minimises our exposure to such a risk and our budget for 2010-15 allows for cyclical repair works and refurbishment. If unexpected major building works become necessary we would expect to pay for it out of accumulated reserves. If this were not possible we would need to fundraise or increase our charges.

A LICENCEE FAILING TO PAY MONEY OWED TO US

If a group licencing space at Community Base ceased trading while owing us money this could result in a serious loss of income. We keep one month's deposit from each licensee and expect groups to pay quarterly invoices within 14 days to minimise the loss from such an eventuality.

UNFORSEEN STAFF CHANGES

We have minimised the possible adverse impact of staff changes by creating systems and documentation, including a staff manual, aimed at easing the induction and training of new staff.

AN INCREASE IN INTEREST RATES OR INFLATION

The current economic situation makes it difficult to predict how interest rates and inflation will move over the next five years. We have fixed the interest rate of our loan and will manage our finances in a way that allows us to absorb small changes in interest rates or inflation. We will consider seeking grant funding, reducing the pace of our capital expenditure or increasing our charges to meet major increases in our costs if we need to.

LOSS OF BANKED ASSETS

We have assessed our risk appetite with regard to our investments as low and keep banked assets in deposit accounts. We have spread our assets across two banks to minimise the effect of a failure of a particular bank.

AN AVIAN FLU OR OTHER TYPE OF PANDEMIC

We have put in place a policy for mitigating the effects of an avian flu or other type of pandemic and have ensured that a proportion of rental income is paid by standing order rather than requiring invoicing.