

King's Arms Trust (Bedford)
King's House – Latest Status
27 November 2011

Building Fund

1. The building fund is administered separately from the finances of the church and currently stands at £135K compared to £177K at the end of 2010. The forecast at the end of 2011 is £60K decreasing to near zero towards the end of 2012.

Giving by Church members

2. The gift day in April 2011 raised a further £164K in cash, pledges and gift aid, of which all bar £19K should be received by the end of 2011 and the remainder in 2012.
3. Money pledged from all the gift days continues to be received. However in recent months the amount received has been somewhat lower than the £8K pledged by around £1K, and in Oct the amount received was only 50% of that pledged. One person has recently stated that they are unable to fulfil their pledge and others have had to reduce their pledged giving.
4. Money pledged and due in 2012 totals £160K plus £32K in gift aid.

Offices

5. has recently taken two first floor rooms as offices on a two year lease generating an annual rental income of £5.9K and additional £2.2K service charge. The first floor consisting of 11 offices and two meeting rooms are now all leased to five external tenants. Total income from the first floor offices is now £33.6K per annum.
6. The church, Project, FP Impact and TSM continue to pay for the rental of the ground floor office facilities.
7. In addition the church is paying the building fund for the use of the auditorium on a Sunday and also for the use of other facilities by church groups.

Facilities rental

8. Income during the first half of 2011 from the daily/hourly rental of the main auditorium and other meeting rooms totalled around £8K, of which £5K came from 5 bookings of the main auditorium and the other £3K from around 30 bookings of smaller meeting rooms. Thus the obvious conclusion is that we need to concentrate our efforts in future on renting out the more profitable main auditorium which is generally unused by the church during the week. Plans for 2012 include:
 - a. Establish a King's House website and commence marketing of the facilities.
 - b. Employ additional staff on a part time basis (or volunteers) to host events.
 - c. Aim to have at least one main auditorium booking per week (King's Community Church, Norwich average 4 bookings per week for their Main Auditorium).

Finances

9. The £250K refurbishment loan was obtained from Unity Trust Bank in Dec 10.

10. Significant income and expenditure during 2011 (actuals to the end of Oct and forecast for Nov and Dec) is as follows:

Income (£K)

Gifts from Church members	235	
IR refund	42	
Grant from WREN	50	(For Welcome Area AC and raft)
Transfer from church funds	6	
Office rent from church, Project, FP and TSM	23	
Office rent external	34	
Auditorium rent – church	13	
Auditorium rent – external	9	
Other areas rental	12	
VAT recovery	44	
Other	1	
Total	£469K	

Expenditure (£K)

Tithes (including £30K to a church in the Ukraine)	42	
Loan payments to bank	51	
Insurance	17	
Refurbishment by King's Arms	62	
Incl various cupboards, B1 and B3 upgrades, tenants kitchen, MA acoustics etc etc		
Refurbishment – Phase 1	79	(£62K paid in Jan and £17K retention)
Refurbishment – Phase 2.1	50	(Welcome Area AC and raft)
Refurbishment – Phase 2.2	34	
Incl baptistry, WA furniture, PA system & acoustics, external lighting, trees, signage, screens etc etc		
Refurbishment – Phase 2.3	10	(Start of café bar, more in 2012)
Professional fees	26	
VAT	52	
Staff	58	
Operating ie electricity, water etc	59	
Maintenance	4	
Mini Bus	3	
Repayment of interest free loan	40	
Total	586	

11. Claims to HMRC for 68% of all VAT incurred continues to be paid to the Trust, although we will be subject to a review in 2012 to see if this level of recovery is justified in future years. It is also possible that there could be retrospective adjustments which may not be in our favour.

12. In 2012 we start paying the capital on the loans and the total repayments will be £90K (assuming the Bank Rate does not go above 2%) compared to £51K in 2011. To enable us to repay these loans, and cover other costs associated with the running of King's House, we need to generate significantly more income from the rental of the building to external users and also contribute more from the church finances for the use of the building. Further gift days are planned for 2012, and subsequent years, to raise money to enable us to complete the refurbishments and pay off the loans in a shorter period than the scheduled 25 years.

13. WREN have provided £50K of grant funding for the AC and raft in the Welcome Area and further applications are being encouraged by them. At present it is unclear as to how much could be available to us but it should total in excess of another £50K.

Operation and Management

14. The operation and management of the facilities has been a major task that we continue to wrestle with. Recent developments include:

- a. Application for a Premises Licence to operate non church events has been submitted with the assistance of a solicitor with specific expertise of these licences.
- b. Application for amendment/extension of our current planning permission has been submitted to allow the playing of music in areas other than the main auditorium.
- c. Staff. A Facilities Booking Administrator (10 hours per week) has been appointed and a Facilities Support Team Co-ordinator (12 hours per week) – or events host, should be appointed in the next month or two.
- d. King's House has recently been inspected by our insurers who recommend that the building is insured for almost £5M. This compares with market valuation of £2.3M when the building was last valued in Apr 10 assuming that all our development plans, including the sports hall, have been completed. The corresponding reinstatement value was £3.15M, again when all the development plans have been completed. As two years have passed since the valuation and VAT needs to be added the building is being insured for £4.2M.
- e. The management of bookings for both internal and external users is a major administrative task which is further complicated by the need to ensure the building is cleaned on a regular basis.

15. Staff employed on the building are:

- a. Mel Fletcher – Site Services Manager
- b. Mike Oosthuizen – Caretaker
- c. Mick Laciofano - Security
- d. Cathy Leese – Finance Officer
- e. Rory Parkinson – Fund Raising
- f. Rebecca Woodward – Facilities Co-ordinator
- g. Christine Tait – Cleaner (offices).
- h. Subcontract cleaners for rest of the building.

Refurbishment – Phase 2

16. A new architect, Simon Wyatt Budd of Ink Associates was appointed in Jun. (The contract with our previous architect i58 was terminated and a settlement negotiated whereby around £3.9K of the final fee was waived). In addition, Michael Lawton, a new attendee at the King's Arms, has been providing valuable assistance. He has expertise in the fitting out of restaurants and pubs.

17. **Phase 2.1.** The construction of a ceiling raft and the installation of the AC system in the Welcome Area has recently been completed.

18. **Phase 2.2.** Work recently completed includes:

- a. PA system, AV system and lighting rig in the Welcome Area to enable the facility to be used for gigs etc.
- b. Purchase of baptistry, Welcome Area furniture, external lighting, trees pruning, external signage, screens in Kids area etc etc

19. Other work to be completed under Phase 2.2 includes acoustic improvement measures for the Welcome Area and further improvements in the Main Auditorium.

20. **Phase 2.3.** Detailed planning for a café bar is underway for which £26K has been budgeted. It is hoped to commence construction work early in 2012 and open the café for business on the 1 March. A Café Development Manager has recently been appointed (Isabel Turner) and she will be assisted by Sarah

Oliver who will be responsible for staff training and marketing. The café design is in the final stages of preparation and include the cafe bar, bookshop/shelves, seating booths and a second set of entrance doors. It is unlikely that all of this will be affordable in early 2012.

21. **Phase 2.4.** Detailed planning is also underway on the Sports Hall for which £16.5K has been budgeted for a basic facility. Costs of been generated for a facility consisting of a sports floor, rebound walls and lighting. This would be suitable for two badminton courts, basketball, net ball and a slightly cut down five-a-side football pitch. Initial costs are around £20K and it is hoped to go ahead and build the facility, using volunteers from the King's Arms, sometime in 2012.
22. Further developments to include changing rooms, showers and toilets are envisaged but would require significant further funding, probably obtained from grant applications.
23. **Phase 2.5.** Planning work has also commenced, and an outline design and costs have been generated, for a full catering standard kitchen but this is unlikely to proceed in 2012 unless grant funding can be obtained.

Other issues

24. A mini bus has been purchased at a cost of £2K. This is primarily being used on a Sunday to transport students and Project contacts to and from King's House.

Summary

25. Significant progress has been made since we commenced using King's House for Sunday meetings just one year ago in November 2010. We now have a magnificent facility which is enabling us to make an impact in both Cauldwell and Bedford.
26. The annual cost of operating King's House is over £200K and we need to increase significantly the income obtained from external users of the building from 2012 onwards.
27. The commitment and enthusiasm of the building staff is amazing and we are very grateful for all their efforts on behalf of the King's Arms.

Roydon Loveley
Chairman of Trustees