

the exchange

5 YEAR BUSINESS PLAN 2021 - 2026



**BUILDING
A COMMUNITY
OF MAKERS**

Table of Contents

EXECUTIVE SUMMARY	4
WHO WE ARE.....	5
THE EXCHANGE.....	5
THE OLD LIBRARY.....	5
PURPOSE + VISION + MISSION	5
ORGANISATIONAL AIMS	6
OUR VALUES	7
WHAT WE DO	8
WHY WE DO IT	9
GOVERNANCE + MANAGEMENT	10
THE SOCIETY	10
GOVERNANCE MODEL.....	10
GOVERNING BODY.....	11
THE EXECUTIVE	14
CO-DIRECTORS	14
STAFF TEAM.....	14
WORKSHOP PARTNERS.....	15
ORGANOGRAM	16
PARTNERSHIPS.....	17
STRATEGIC CONTEXT	18
DEMOGRAPHIC CHANGE	18
HERITAGE + CULTURE	18
REGENERATION PROGRAMME.....	19
COVID-19.....	19
SWOT ANALYSIS	21
CAPITAL WORKS PROGRAMME.....	23
OVERVIEW	23
INTERNAL SPACES	23
THE GARDEN.....	24
SOURCES + DEPLOYMENT OF CAPITAL.....	24
FINANCIAL APPRAISAL	25
FINANCIAL PROJECTIONS.....	25
STAFFING	27
CAFÉ.....	28
VENUE HIRE	30
CATERING	32

EVENTS	34
WORKSHOPS.....	36
RETAIL.....	38
SCHOOLS	39
CONSULTANCY	40
GRANTS.....	41
PROJECTS + ENGAGEMENT	41
CAPITAL COSTS	43
OPERATING COSTS	43
MARKETING STRATEGY	45
BOOKSTORE	45
VENUE HIRE + CATERING	45
EVENT PROGRAMME.....	46
WORKSHOPS.....	46
RETAIL.....	46
SCHOOLS	47
CONSULTANCY.....	47
ACTION PLAN	48
OPERATIONAL PLANNING.....	49
ENVIRONMENTAL SUSTAINABILITY	50
SENSITIVITY TESTING	51
SCENARIOS.....	51
ALTERNATIVE SCENARIOS	56
RISK MANAGEMENT.....	57
IMPACT + MONITORING.....	59
APPENDICES	62
A. CONSULTATION REPORT (APR 2017 - OCT 2018).....	62
B. EVALUATION REPORT (NOV 2018 – MAR 2020).....	62
C. THE EXCHANGE RULES.....	62
D. MARKET APPRAISAL.....	62

EXECUTIVE SUMMARY

The Exchange is a place where people make, and make things happen. It is a community-led organisation based in the Grade II listed Old Library in Erith. Its aim is to reactivate the Old Library as a new kind of community space that takes its heritage as a starting point, and with the overall aim of making Erith a better place to live through celebrating local heritages and cultures, creating opportunities for skills development and coming together, creating local empowerment - supporting local ideas and initiatives.

The Exchange is part way through a major capital redevelopment of the Old Library, that will enable much more community activity. The first phase of building works, which were completed in January 2019, dealt with the major repair need and brought the lower-ground floor into use, enabling The Exchange to formally launch. A second phase of capital works are due to finish in February 2021; these works will bring the entire building back into use.

The building's heritage is the foundation of our activity. In 1906 the building was commissioned by local people to enable "learning and advancement", and the architecture itself was used to showcase the craftsmanship that existed in the local area at the time, including the architect, brick makers, plasterers, carpenters etc. The Exchange's aim is to enable and empower local people to "make change" again. Participants in our programme will be able to learn craft skills in exchange for producing items that we can sell to maintain our free/affordable community programme; and we will support local people with ideas for positive change in the area in exchange for those things happening at The Exchange or in Erith, driving footfall to, and challenging perceptions of, our town.

The Exchange is constituted as a Charitable Community Benefit Society, and has secured a 50-year lease on The Old Library. This legal set up enables The Exchange to become a community-owned organization, where local residents – as members of the society - can shape and guide the future of the organization. This business plan has been written in conjunction with a Community Shares campaign offer that will launch in February 2021, to galvanise local investment in the organization.

The Exchange is operating within a changing context. Erith and North Bexley is experiencing population increases and demographic change – increasing we are more diverse with more stories to celebrate. The Exchange and the Old Library renovation project has also been positioned as the spearhead project of the town's regeneration programme Greater Erith. The Exchange represents the importance of people and heritage in place-making, and aims to work closely with the local authority to enable more community-led change and growth.

The following business plan details the work we will do over the next 5 years, and how we will ensure that The Exchange is sustainable in the long run. This includes the capital works programme, a community projects and events programme, schools programme, craft production programme, as well as the café/catering (The Bookstore) offer, venue hire, membership and retail. This includes financial projections, and is underpinned with marketing strategies, operational planning structure and governance and management details.

This business plan has been developed by the Exchange Co-Directors and Founders Sarah Batten and Peter Nutley, and is an update to the document produced in 2019. An update was needed owing to the impact of Covid-19, and as more data has been gathered through 18 months' worth of operations. It has been produced with consultant support funded by Power to Change and the National Lottery Heritage Fund. The business plan was signed off by The Exchange Board in January 2021.

WHO WE ARE

THE EXCHANGE

The Exchange was founded by a group of local residents with the aim of providing the town's old library with a sustainable and vibrant future. We started developing projects in 2017 including family and community events at the Erith Lighthouse, a community-commissioned art installation on Erith Pier and a pop-up cinema in December 2018.

In February 2019, we launched at the partially reopened Old Library with a programme of events including markets, performances and workshops. We also opened a café/bar named The Bookstore. In its first year, The Exchange received over 25,000 visits from people coming to The Bookstore or to take part in the activity programme. The Exchange has received support from various funders enabling it to begin delivering its ambitions. With that support, The Exchange has grown with a turnover of over £300,000 in 2019/20 and a projected turnover of over £450,000 in 2019/20.

The Exchange was legally constituted as a Charitable Community Benefit Society (RS008163) in June 2019; previously the organization was constituted as a Company Limited by Guarantee.

THE OLD LIBRARY

The Old Library was opened in 1906 as a result of communities living in the District of Erith (now roughly North Bexley) coming together to design and build it. The collective vision was to create a building that would inspire education, opportunity and community; a building that belonged to local residents; a building people were proud of. They appointed local architect William Egerton to lead on a design that would showcase the craft and talent of the local area. Egerton employed local carpenters, blacksmiths, plumbers and plasterers; used local bricks and timber merchants.

The result was a stunning red brick building that stood at the heart of the neighbourhood. Envisaged and built by community makers, it would serve the local area as library – and later Museum - for over 100 years.

PURPOSE + VISION + MISSION

The Exchange's purpose, vision and mission has been developed through many and continued conversations with our local residents. A key theme to these conversations focused on the desire for change and for that change to be driven by local people. Being true to the founding / heritage principles of the Old Library were also particularly important – we want to celebrate local heritages and cultures, remain a space for learning and opportunity, and draw on the history of the Old Library as a community designed and built space.

Our purpose: We are building a Community of Makers. People that make change where we live.

Our vision: Erith: a beacon for sustainable, skilled, community-led production, growth and change.

Our mission: To reinvigorate the Old Library as a community-built space and create a centre for craft, opportunity and local growth.

ORGANISATIONAL AIMS

The overarching ambition of The Exchange is for Erith to be a better place to live. The lives of people in Erith are improved through activities that deal with local concerns, providing increased opportunity, and tackling negative perceptions of place. Our foundation and “reason for being” is our home The Old Library and its heritage as a community designed and built space, constructed to provide opportunities for learning and community.

This overarching ambitions is broken down into the following commitments:

- 1) We are based at The Old Library; and the building’s community and craft heritage (as community designed and built space; and as a space for learning and opportunity) is at the centre of our work.**
The work of The Exchange remains rooted in The Old Library’s heritage focusing on supporting and showcasing local craft skills and what this can bring to a local area and space where people make positive things happen.
- 2) We empower people and communities**
People and groups of people feel that they have power and agency to change things on their doorstep for the better. The ability to make change is demystified.
- 3) We actively seek out and champion cultural diversity**
Diverse cultures and voices have a platform to share ideas, histories, presents and futures.
- 4) We shine a light on and celebrate local heritages**
Diverse local heritages are revealed and recognised for their importance in creating a sense of place and belonging.
- 5) We take action to tackle the climate emergency**
Local people have a greater awareness of the emergency, and have a greater commitment towards - and a better understanding of their role in - tackling the causes of it.
- 6) We take action to tackle racism, lack of cohesion and inclusion**
People feel that Erith is a place for them because it deals with trauma and unfairness, and because there are spaces for all people and groups to go to feel welcome.
- 7) We take action to tackle poor mental health, poor wellbeing and loneliness**
People are given regular and diverse opportunities for maintaining good wellbeing. Using MIND’s 5 ways to wellbeing, these activities will support people to connect with others reducing isolation, to be active, to learn new skills, to volunteer and to slow down.
- 8) We support local innovation and ideas**
People are given support to develop ideas that will add value to the local area. To positively change a place, it takes others.

OUR VALUES

Change starts here: We are proud of where we live, but we are not satisfied with the status quo. We think in the long-term and share an ambitious vision for bringing about a better future – for our communities and our world.

Community creates culture: We see human interaction as vital to progress, on a personal and societal level. Conversation and collaboration help us to better understand, recognise, and connect with those around us.

Everyone is a maker: We believe in the creative potential of every individual, and see real benefit in the process as well as the outcome – of sharing and developing new skills, learning and making.

WHAT WE DO

The Exchange has been operating within a part refurbished space and is set to fully launch in April 2021 using all the spaces within the Old Library. Our programme has been tested throughout 2019 and into 2020 before having to close owing to Covid-19. Our work consists of:

The Bookstore (café and catering): The Bookstore provides high-quality food for Erith, delivering a daytime and evening offer, and providing catering for internal and external events.

Community-led events programme: Consists of a range of activities including mini-festivals, concerts and performances, community-curated food events, markets and exhibitions. We work with local residents – The Makers – on designing and delivering this programme.

Workshop programme: Building on the building's heritage as community designed and built space, we offer skills development opportunities in a range of crafts including textiles, ceramics, woodwork, print and the creation of garden spaces, in exchange for the items that people make. These will be used in the building, or sold to generate money to sustain the community programme.

Community development work: Includes initiatives that aim to address local need; e.g. the Erith Think Tank, a group of local residents interested in defining a vision for Erith and the Town Centre Partnership – a coming together of public, private and community sectors interested in promoting Erith together. This work has also included our Covid-19 response work, delivering emergency meals to the most vulnerable in Bexley.

Community projects: This programme aims to encourage new, increased and deeper engagement in The Exchange. It includes The Germinator project – where local residents create a new community garden for Erith; Discuss and Decolonise – a space to learn, discuss, process and work together to discover new ways which can help local people tackle racism.

Schools programme: A new schools programme is currently being developed in partnership with Schools, ensuring that we are providing a rich learning resource for the town's young people.

Retail: Our soon-to-launch retail offer will showcase craft producers who use craft to create positive social change, just as the architects of The Old Library did back in 1906.

Venue hire: We want the Old Library to be used by private and corporate groups also, marking key moments in people's lives. The spaces will be offered for hire, with catering provided by The Bookstore and other providers.

For more details on all areas of work, see Financial Appraisal

WHY WE DO IT

The idea for The Exchange, and the reasons for the activities that happen here, have been guided by what our local community wants.

From around the 1980s, the community was fighting to keep the building open as both library and local museum. Local groups like the Erith Town Forum and Erith + Belvedere Local History Society campaigned to ensure that the building would remain in community use, with numerous articles in the local press stating its importance to the town and wider area, and with a group of local volunteers who took over the running of the museum to ensure the town could retain its ability to remember its proud past. This threat was real, as all over the town were developments which arguably damaged the town, rather than enabling it to recover.

In 2009, the building did close. But the community did not give up. The Town Forum – a group of residents and local businesses and community groups – maintained pressure on the local authority to retain the building for community use, while many in the local area believed that the intention was to eventually turn it into flats or a Wetherspoons.

The Exchange was formed in December 2016 by three local residents in response to a local authority call out to groups with ideas for creating a sustainable future for the Old Library. The Exchange was asked to submit a proposal as there was an absence of local presence on the existing list of groups asked to tender. To develop its proposals for the building, The Exchange began consulting locally from April 2017, including conversations with members of the Town Forum and the old volunteers who ran the museum, and wider groups within the town. Our consultations included cultural groups, community groups, mental health charities, local businesses, schools, colleges and young people and the general public/local residents. We delivered a range of early events designed to capture what people wanted to see from the building in the future, including at Erith Fun Days, Erith Lighthouse, Building Open Days and at the Health + Wellbeing Day within Erith Riverside Shopping Centre.

To see a full list of who was consulted and the findings from these conversations between April 2017 and October 2018, see our consultation report (Appendix A).

These initial conversations helped The Exchange to secure the first major round of funding from the Heritage Fund. With this funding we were then able to start testing out activities based on these findings. This test programme started when we launched at The Old Library in February 2019.

Our test activity programme included many of things people asked to explore, including embroidery classes, heritage events, a music programme, a nice café, art classes, activities for young people, parties, rooms to rent etc. Throughout we collected people's responses to the programme, and adapted what we did to fit what people were after. Over this period, our volunteer numbers increased dramatically, the number of local board members grew, and the idea for The Exchange was refined.

We also delivered a survey asking for people's feedback to The Exchange. The survey was carried out in August 2019, 6 months after launching. Our key findings were:

- 54% of people had been to The Exchange more than 6 times; 78% had visited more than 3 times.
- 65% had made new connections, 20% had made over 10 new connections
- 98% thought The Exchange was positive for the area
- 99% were more likely to do something in the local area since The Exchange opened.

To see a full evaluation report from November 2018 to March 2020, see appendix B.

GOVERNANCE + MANAGEMENT

THE SOCIETY

The Exchange is registered as a Charitable Community Benefit Society (RS008163). It reports on an annual basis to the Financial Conduct Authority. Our stated charitable objects are to:

(a) advance education and the preservation, protection and maintenance of the building known as "The Old Library" in Erith Kent, in particular but not exclusively by all or any of the following means:

(i) repairing, refurbishing, restoring, conserving and managing the "The Old Library" as a heritage building known as the "The Exchange;"

(ii) developing and maintaining an educational centre and visitor facilities on the site in order to attract visitors and develop their awareness of the heritage asset.

(b) advance education in the appreciation of the visual and creative arts in all their forms and to promote the arts for the public benefit by providing and encouraging access to the visual and creative arts for all.

(c) promote for the benefit of the inhabitants of the town of Erith, Kent and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

With the planned Community Share offer, the society membership – which is currently limited to the current Board members – will be expanded to include many more voices. The share offer will launch in February 2021.

GOVERNANCE MODEL

The Exchange uses the Carver Model of governance, also known as Policy Governance. This model defines and guides appropriate relationships between the organisations owners (the community shareholders), its board of trustees and the executive (the staff). This includes the setting of Ends (the organisational aims as described above) and Limitations – what the staff are not able to do. For The Exchange's full set of Ends and Limitations, and how we report against these, see Impact and Monitoring. To see our Rules, see appendix C.

GOVERNING BODY

The Exchange Board of Trustees are responsible for overall governance of The Exchange. All board members have a connection to Erith – either current or ex-residents or work within the town.

Our current board members are:



APRIL ALISON

April has lived locally for 17 years. As a mother of 2 young children, she has a keen interest in family-based community activities. April works in Adult Social Care and is dedicated to empowering and supporting others. April's interest in The Exchange is to assist in developing an all-inclusive community environment for all walks of life to participate and enjoy.



HELEN BALL, VICE CHAIR

Helen believes in the power of creative people and communities and has worked in many development roles that increase arts and cultural opportunities and local people working together. Helen lived in Erith between 2017-2019 and her partner and his family used to run a pub on West Street. She now runs The Audience Friend, a business connecting more people with access to arts and culture and teaches the Alexander Technique.



ALEXEI HARTLEY

Alexei came to The Exchange through his love of making things; he makes pots, sketches, whittles wooden spoons and has recently learnt to sew. For the last five years he has focused on making functional wheel-thrown pottery, and has been supporting the ceramics workshop at The Exchange through teaching, research and advice.

By day, Alexei is a brand consultant, working with organisations to helping companies to think through, articulate and demonstrate their values in everything they do. He has worked with Peter and Sarah to think through The Exchange's values and start to consider how these might shape onward decision-making.



MAT JENNER

Mat lives locally and is an artist, producer and curator with over 20 years of arts development experience and passion for supporting individuals to fulfil their creative ambition. Mat founded TACO!, an artist run organisation based in Thamesmead in 2017 and established RTM.FM a community radio station.



ZAINEB NAVEED

Zaineb is a local resident and has worked in various project manager positions, including working for the British Council where the focus was on research and social programmes. Zaineb is interested in how The Exchange works with ethnically diverse groups in Erith and North Bexley, ensuring that the organisation is open to all and promotes our cultural diversity.



HUGH NEAL, SECRETARY

Hugh is a Blogger, author and former Radio Caroline D.J who now works with technology and lives in Erith. He has been involved with The Exchange since we opened, and is famed for his fascinating tours of the library building.



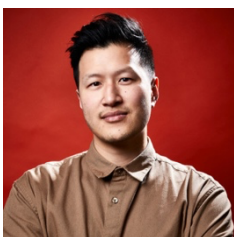
TERESA PEARCE, TREASURER

Teresa has lived in Erith for 40 years. She raised her children here and when a young mother the Carnegie Library was a home from home for her and her daughters , she has a passion for the heritage of the building and its possibilities. Now retired, she had a background in taxation working for PricewaterhouseCoopers and was also the MP for Erith and a Thamesmead from 2010-2019.



ISABEL SHAW, CHAIR

Isabel lives locally to The Exchange and has been volunteering to develop the garden since we opened in 2019. Isabel manages the North West Kent Countryside Partnership, a local non-profit organisation dedicated to improving green spaces for people and biodiversity, and she is especially interested in the power of nature and the outdoors for improving people's wellbeing.



TIM TRUONG

Tim is a local to The Exchange and has been volunteering since Feb 2019 helping with the social media and marketing. Tim has a background in advertising, PR and social media agencies and currently helps famous footballers and athletes create and post content on their channels. Having grown up in the local area, Tim is particularly keen to see Erith and the Exchange develop and thrive!

THE EXECUTIVE

CO-DIRECTORS

Sarah Batten, Co-Director

Founder of The Exchange and Erith resident. Background in heritage and renewal of historic buildings, with expertise in fundraising, programming and engagement. Responsible for staff management, overall communications, organisational evaluation and fundraising, and leading on the membership programme. Joint responsibilities are Community Development programme, income generation, finance and governance.

Peter Nutley, Co-Director

Founder of The Exchange and Erith resident. Background in art, with expertise in exhibition design and build, and maintenance and interpretation of historic buildings. Responsible for Workshop Partner management, capital project delivery, building maintenance, exhibition development, and leading on Workshop Maker programme. Joint responsibilities are Community Development programme, income generation, finance and governance.

STAFF TEAM

Rosie Bayne, Café/Sales Assistant: Responsible to General Manager for café and general sales, delivery of excellent customer service, and maintenance of café areas.

Louisa Budds, Head Chef: Responsible for all menus, food hygiene and the creation of skills development opportunities in food craft and community curated food events.

Bethan Durie, Schools Officer: Responsible for the development and delivery of a Schools Learning programme.

Anna Hall, Café/Sales Assistant: Responsible to General Manager for café and general sales, delivery of excellent customer service, and maintenance of café areas.

Mai Omer, Community Projects Manager: Responsible for the development and delivery of Community Projects that encourage engagement in The Exchange / community led local development.

Sandy Ramsay, Finance Officer: Responsible for financial management and reporting at The Exchange across all areas of activity.

Colette Robinson, General Manager: Responsible for front of house management, including café and café staff management, café sales and general site management of open spaces at The Exchange (Carnegie Hall), and hire of these spaces.

Zohra Soorma, Marketing + Events Officer: Responsible for organisational marketing, both digital and print, and online sales across all areas of activity.

WORKSHOP PARTNERS

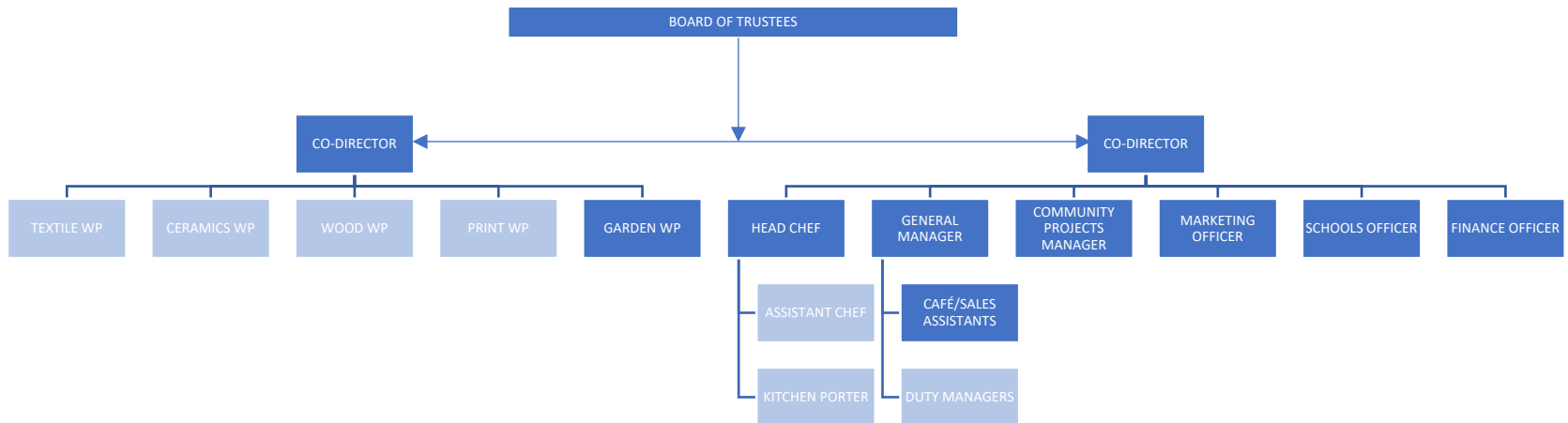
In 2021, 5 Workshop Partners will be appointed to assist the staff team in running the Workshop Programme, which will be a core focus of our work. These Partners will deliver community production workshops in ceramics, print, textiles, woodwork and the creation of garden spaces; and they will be responsible for income generation through the workshops, i.e. space + equipment hire, commissions and high quality paid-for courses.

The appointment of these Partners is being supported by the Crafts Council.

For more information about this work, see Financial Appraisal.

ORGANOGRAM

The organogram below shows the management structure of The Exchange. The lighter shaded positions are yet to be filled.



PARTNERSHIPS

The Exchange works with a number of partners who assist with the delivery and reach of our work. These partnerships add considerable value to our work, and are important to future sustainability.

These include:

Crafts Council: The national charity for craft. Together we are developing the Workshop Partner Model to ensure community and craft practitioner benefit, as well as sustainability of the programme. This will be the subject of an Arts Council application to be submitted in early 2021.

London Borough of Bexley: We work with a number of local authority departments including Regeneration, Town Centres, and Communities. The Exchange also sits on the local authority led boards – Culture + Creative, and Heritage + Tourism. Bexley Council have also provided The Exchange with a 50 year lease on the Old Library, with an 8 year rent free period.

Local schools / Cultural Education Partnership: The Exchange has partnerships with 4 local primary schools and 2 secondary schools. We also sit on the newly formed Cultural Education Partnership for Bexley, alongside the Odyssey Trust, Peabody, Little Fish Theatre and Bow Arts.

London South East Colleges: We work with the local college in a number of ways, which are discussed regularly. These have included providing space to students to exhibit or develop their work, supporting students with their work placement requirements, and working on specific projects e.g. construction works for the building and garden.

National Trust's Red House: The Bexleyheath home of Arts + Crafts pioneer William Morris. The Old Library and the Arts + Crafts Movement share a lot in common. Red House support our craft work, and are working with us with the Crafts Council on the Workshop Partner model. There is also the potential of craft retail sales via Trust members.

Orbit Housing: Orbit have supported us in a number of ways, including providing us with early funding to get The Exchange project going. Orbit in particular support us with social investment initiatives – ideas that aim to get residents of Erith, and Orbit residents in particular, to develop or engage with ideas that aim to make Erith a better place to live. We also worked closely with them during the pandemic lockdowns on provision of food and supplies to vulnerable residents.

Oxleas NHS Foundation / St John's / Re-instate: Oxleas and St John's Church are leading on the development of a mental health partnership in North Bexley. The Exchange is supporting this initiative and will be working with the partners to ensure that our activities are offered as early intervention measures, supporting individual and community wellbeing. Although not formally agreed, there is the potential for funding to enable garden and craft activities for vulnerable groups from Oxleas.

Three Rivers: Three Rivers is an Arts Council funded project that seeks to encourage local people to develop new cultural programming for the area. The Exchange worked with the other partners – Orbit, Peabody and TACO! To develop the application, and will be a key delivery partner for the project, working specifically with our Maker group – a group of local residents who design and develop programming with us - on culture ideas. In year 2021/22 this equates to £25,000 grant towards the Maker programme and Exchange core costs.

STRATEGIC CONTEXT

DEMOGRAPHIC CHANGE

Erith and North Bexley is a low-income area with high levels of multiple deprivation. Over the last few years there have been some new demographic trends which are changing, or set to change, the local landscape:

- The local population size is set to increase with major new housing developments under construction or in the planning stages.
- The area is increasingly ethnically diverse (currently 65% British, 15% African, 4% Indian/British Indian, 3% Caribbean. Smaller ethnic groups include Irish, Chinese, Asian and European mixed.)
- The area is increasingly socio-economically diverse, with increased home ownership and families with disposable income.

With these demographic changes, concerns have been raised around a number of issues affecting residents:

- 1) Local cohesion is poor – and there are very few local spaces that provide opportunities for groups to meet, or understand each other better. Poor cohesion is set to exacerbate as the population and diversity increases.
- 2) Local infrastructure is poor – People feel that the town centre does not currently cater well for existing residents. What will be the impact with greater numbers of residents?

The Exchange, as a community organisation, therefore, has the opportunity through its work and programming to improve and encourage others within the community to develop a more positive outlook. For example, by ensuring that our programming encourages people of different groups to interact, and by working with residents on developing a wider town vision for what we want for Erith.

HERITAGE + CULTURE

The borough of Bexley is considered a heritage and culture cold spot by funding bodies the National Lottery Heritage Fund and the Arts Council. Far fewer applications for projects come from Bexley than other London boroughs, and there is more generally very little local cultural programming within the borough. Heritage buildings are often inaccessible, and natural sites are underused.

This is a real shame, as there is a rich natural, ancient, industrial and riverside history, and with growing diversity there are increased opportunities for cultural exchanges and celebrations.

The Exchange therefore has a great opportunity to work with others to reveal our local heritages, and celebrate new culture in the area.

REGENERATION PROGRAMME

Bexley Council are leading on an Erith regeneration programme called "Greater Erith". The Exchange / The Old Library project spearheads this programme and is used to demonstrate the council's commitment to community and heritage.

Other projects included within the programme are:

- The Riverside Gardens: A landscape project to improve the town's principal green space.
- Riverside Shopping Centre: improvement of vacant units and use of space to showcase locally made wares.
- Pier Road West: Demolition of existing properties, and building of new entrance to town centre with mixed use commercial and residential.
- 70 Pier Road: New office and residential units in Erith's Old Bank.
- 66 + 68 Pier Road: To be turned into a café and flexible community space, potentially with a training kitchen for hire.
- Pier Square: New public seating and outdoor community space at the entrance to Erith Pier.

The local response to the Greater Erith programme is indifferent. These capital changes appear to have very little to do with people's lives or experience of place. The Exchange believes that this is to do with how people are treated through the planning processes – councils tend to treat the community as customers, where we believe people should be treated as participants and decision makers. People see this programme as an act of benevolence, rather than empowerment.

The Exchange therefore sees its role as supporting the local authority to develop clear community-supported vision for how these spaces will be used that connects with a broader vision for Erith Town Centre, that brings together not only the need to make money, but the need to invest in people.

For example, the improvements to Pier Square are all well and good, but who is going to be running the community programming to activate this space? Who could be supported to take this on? And how can this be sustained? The risk is that although these are well-meaning initiatives, there isn't a legacy or a people-support plan, as has been seen with the Erith Lighthouse, Erith Kitchen and the Pier Festival programmes.

COVID-19

Covid-19 has highlighted the following:

- The town centre offer was already precarious; since the pandemic hit some retailers have closed their doors – this accelerated what was probably inevitable, and is a trend that is shared across most high-streets
- There are very few town centre partnerships – organisations work independently, not together, which makes it difficult to work to promote Erith as a place
- That people appreciate the town for the potential for recreational activities, whether a walk by the river, playing in riverside gardens, or heading to Erith Pier. More people are using these spaces.

- That prior to Covid-19, people were leaving Erith when they had time off. Last year we experienced dips in trade during holidays – that hasn't been seen this year.
- More affluent members of the community were spending their money elsewhere. Since the pandemic hit, The Exchange saw increased numbers of people looking for lunch/coffee outlets.

The role of The Exchange here is to create space and opportunity for more partnership working across the public, private and community/charity sectors, and in collaboration with local residents, to promote Erith as a place, and to develop a vision for what Erith can become in the future, meeting the needs of the different members of our community. To make town centres sustainable they cannot be just about retail, but be a mixed offer meeting multiple needs.

SWOT ANALYSIS

The following SWOT Analysis looks at both The Exchange and The Old Library as a space/venue, incorporating the opportunities described above as well as more granular details. The analysis has supported us in developing our business plan, the resourcing and additional support required in order to deliver Exchange ambitions.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ The Exchange has experienced a growth in local support, particularly towards the future use of The Old Library, and through our response during C-19. ▪ The Old Library sits at the gateway to Erith, with good connections around Bexley, SE London and Kent. ▪ The building is unique and is set to be a very beautiful space post the construction works. There are very limited spaces like these in Bexley. ▪ There is limited competition in terms of our business model/what we are about. Our offer is very different to other groups in Erith especially, but also Bexley, Kent and SE London. ▪ We have strong partnerships / commitments to work together with key groups including Bexley Council, Orbit Housing, London South East Colleges, NT Red House, Oxleas and the Crafts Council. ▪ We have a growing and experienced staff team, across different areas of work including Cultural Programming, Partnerships, Finance, Schools, Marketing, Fundraising, Café, Community engagement. ▪ We have a strong board and effective governance structure in place (see management and governance) ▪ We have strong group of individuals who offer additional support e.g. our Makers programme, helping to develop and deliver our community programme ▪ We have a strong digital infrastructure – good website, internal systems, enabling digital engagement and off-site working. ▪ The Exchange has substantial support from a variety of funders. 	<ul style="list-style-type: none"> ▪ There are still many people who do not know we are here – there is a need for increased and targeted marketing (we have recently invested in additional marketing support) ▪ Although our team has grown, we still have limited staff resource ▪ We lack specific craft expertise within the team – we need to invest in our Workshop Partners to bring that expertise into The Exchange ▪ The Exchange currently is reliant on grant funding. We need to develop our income streams over the next few years to ensure long-term sustainability.

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ To develop an offer that aligns with the wishes of local residents. By becoming a community-owned organisation we will have a structure and process in place to enable this dialogue better. ▪ With increased socio-economic diversity, there is the potential of sustaining the organisation and an affordable offering for lower-income groups. ▪ To work with others to reveal local heritages, and to celebrate new cultures in the area. ▪ The Exchange works with Bexley Council and spearheads the Erith regeneration plans. There is an opportunity to support the local renewal of the town centre alongside the local community. ▪ The space is unique – we should be able to capitalise on this through venue hire generating income for the wider programme ▪ Through growing our reach across communities in Bexley (and beyond) – through partnerships, engagement and marketing - we will meet new people and develop new ways of inviting people in/getting people involved. ▪ Through our skills development programming (Workshops, Development Lab), we have the opportunity to impact on the social wellbeing as well as potentially economic prospect for residents. ▪ Through the Workshop Partner model, we have the opportunity of supporting early-career craftspeople who are interested in how their craft can contribute to communities, and by highlighting this work we can encourage others to take a similar approach. 	<ul style="list-style-type: none"> ▪ C-19 – the success, or lack of success, of any vaccine will have an impact on our work. This plan has adjusted its work to deal with short-term significant impact, and longer-term continued impact of the pandemic. ▪ The funding landscape has been becoming increasingly desolate. And the impact of C-19 will only exacerbate this. It is therefore incredibly important that we develop income streams that enable an ongoing programme so we are not reliant on grant funding. ▪ Bexley Council are currently cutting their budgets. It is not known yet what impact this will have locally. This could possibly mean town centre developments are stopped or scaled back. ▪ Although Bexley Council are a key partner, they are also keen to set up businesses that could present competition in the future. There is therefore a risk from lack of joined up thinking, impacting on developing businesses, if our partnership with the Council deteriorates. ▪ The impact of C-19 on the town centre – this could affect footfall numbers to Erith, and therefore impact on our forecasts. It is important that our offer is vital to communities that live close-by, and that we provide offers that are a draw in itself therefore not reliant on what else happens in the town centre.

What this means for us?

Over the next 5 years, the strengths must remain strengths – partnerships should be maintained, the staff, board and volunteer teams should be recognised for their work and supported to develop their skills, and the uniqueness of the building should be celebrated. We must deal with our weaknesses, growing the Exchange team (staff and partners) and resourcing marketing properly. The opportunities are exciting. But they must be planned strategically and sustainably to ensure that successes are real and maintained. And we must keep an eye on the threats and ensure that we are managing and mitigating risk so that our ambitions are not hindered.

CAPITAL WORKS PROGRAMME

OVERVIEW

To enable our work, we need to finish the capital works required on The Old Library. A first phase of works was completed in January 2019, bringing the lower-ground floor into full use and dealing the majority of the historic fabric repairs.

A second phase of works on the building is due to complete in February 2021, bringing the entire building back into use. After which The Exchange will launch its first full Workshop programme, with opportunities for skills development in woodwork, ceramics and textiles, in exchange for production of items required for The Old Library.

INTERNAL SPACES

Through the capital works programme, we will be creating new spaces to accommodate new kinds of community activity. For the next 5 years, they will be used in the way as defined below, but the work has been carried out in such a way that if the community want to change the direction of The Exchange this is possible without further work.

Carnegie Hall/North Room: The main central spaces at The Exchange. Areas for markets, performances, concerts, large workshops, film nights and mini-festivals. Our “Town Square”.

Workshops: There will be 4 Workshops for Textiles, Ceramics, Print and Woodwork. These spaces will initially be used to support the fitout of The Old Library, and then for continued community craft production.

Garden Room: This space will act as a semi-workshop space, and be run by partners North West Kent Countryside Partnership with opportunities for learning about green spaces. It will also be used for venue hire.

Learning Room: A space for schools and other kinds of learning. Will be equipped with AV and also available to hire for group meetings.

The Bookstore: Operations will be improved at The Bookstore with restored historic toilets and improved internet. And spaces will be created to enable retail sales.

Conversation Room: The Conversation Room will be improved with new AV equipment and better furnishings. In light of Covid-19, in the short-term it will be used to cater for additional people to The Bookstore.

Office/project space: A new office will be created on the top floor including a spill out office and project space.

THE GARDEN

A separate landscaping project will commence in February 2021, creating a new community garden space for Erith, designed by award-winning garden designer Sarah Price. The garden will feature a secret orchard, a ceramic tile rug for play and outdoor events, rammed earth walls, eco-friendly water management, and greenhouse inspired by Erith's historic travelling library van. The plants for this garden are being grown alongside local families, community groups and schools.

SOURCES + DEPLOYMENT OF CAPITAL

The Exchange has raised the majority of the capital required to deliver the second phase of building works. The remaining amount is £110,000 which we aim to raise through the community shares campaign. Below is a breakdown of capital income and expenditure.

INCOME		EXPENDITURE	
Source	Amount	Area of spend	Amount
NL Heritage Fund	£710,000	Repairs + conservation	£216,000
Bexley Council	£200,000	New building Work	£207,000
Power to Change	£52,000	Other capital work	£537,000
Smaller funders	£67,000	Equipment + materials	£62,000
Community shares	£110,000	Professional fees	£117,000
TOTAL	£1,139,000	TOTAL	£1,139,000

FINANCIAL APPRAISAL

This section details how we are going to deliver and sustain our work over the next 5 years. The information and figures are detailed for the first 5 years, and include a further 4 years' worth of outline projections in order that we can assess the impact of the introduction of rent, as stated in our lease with Bexley Council.

The figures used are benchmarked against what we know things will cost, against figures found during our Market Research (see appendix D) and through experience working on other similar projects and buildings.

The projections show a loss in the first two years of operations from 2021/22, reflecting the costs of the major capital project; but this is covered with existing money in the bank that has been fundraised towards this project. From 2023/24, The Exchange will be making a profit.

FINANCIAL PROJECTIONS

INCOME

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Café	239,048	332,043	401,772	446,369	495,916	495,916	495,916	495,916	495,916
Venue Hire	21,520	27,380	31,780	35,520	37,820	37,820	37,820	37,820	37,820
Catering	16,880	36,600	39,200	42,040	43,840	43,840	43,840	43,840	43,840
Events	6,418	17,866	24,535	30,660	37,460	37,460	37,460	37,460	37,460
Workshops (4.5 workshops)	61,200	108,000	115,313	138,375	145,688	145,688	145,688	145,688	145,688
Retail	20,868	30,555	54,687	70,742	81,933	81,933	81,933	81,933	81,933
Schools	4,500	5,250	5,700	9,000	9,000	9,000	9,000	9,000	9,000
Donations / Membership	20,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Consultancy	12,250	14,700	15,750	17,500	21,000	21,000	21,000	21,000	21,000
Grant Income (restricted)	311,476	102,750	42,103	-	-	-	-	-	-
Grant income (unrestricted)	-	-	-	-	-	-	-	-	-
Grant income (unsecured)	50,000	50,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
TOTAL INCOME IN YEAR	764,159	726,145	771,840	831,206	913,657	913,657	913,657	913,657	913,657

EXPENDITURE

Staff costs	234,235	256,791	295,672	333,900	347,850	347,850	347,850	347,850	347,850
Café costs	83,667	116,215	140,620	156,229	173,571	173,571	173,571	173,571	173,571
Venue Hire costs	3,648	5,184	7,696	8,616	8,892	8,892	8,892	8,892	8,892
Catering costs	7,258	15,738	16,856	18,077	18,851	18,851	18,851	18,851	18,851
Event costs	17,830	24,040	26,840	31,320	34,520	34,520	34,520	34,520	34,520
Project + Engagement costs	125,818	42,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Workshops costs (4.5 workshops)	61,920	80,100	81,056	90,113	91,069	91,069	91,069	91,069	91,069
Retail costs	8,347	12,222	21,875	28,297	32,773	32,773	32,773	32,773	32,773
Schools	1,800	2,100	2,280	3,600	3,600	3,600	3,600	3,600	3,600
Consultancy	4,712	6,462	6,923	7,692	9,231	9,231	9,231	9,231	9,231
Operational costs	86,730	96,730	99,180	106,350	106,350	111,350	121,350	123,850	126,350
HF project costs (from 21/22 against capital only)	285,139	33,862	6,138						
Capital costs			14,000	14,000	14,000				
TOTAL EXPENDITURE IN YEAR	921,103	691,444	729,137	808,194	850,706	841,706	851,706	854,206	856,706

Income- expenditure	- 156,944	34,701	42,703	23,012	62,950	71,950	61,950	59,450	56,950
Closing balance (bank)	39,584	74,285	116,988	140,000	202,950	274,901	336,851	396,301	453,252

STAFFING

OVERVIEW

Staffing in 2021/22 is a slight increase on what we currently have in place, including two 0.8 FTE Co-Directors, 0.6 FTE Community Projects Manager, 0.6 FTE Marketing Officer, 0.2 FTE Finance Officer and 0.2 FTE Schools Officer. The Bookstore team includes FT Café Manager, FT Head Chef, two PT Café Assistants, FT Assistant Chef and PT Kitchen Porter. This equates to 7.9 FTE across the board.

By 2025/26, this is set to rise to 11.7 FTE, which includes increases in Bookstore resource, marketing and schools and finance, and an additional role – Operational Support, to support with increased site activity.

EXPENDITURE DETAILS

- Staffing is our largest cost category, reflecting the staffing across all areas of TEX
- Café by far the most staff intensive area of the Exchange, equating to c.44% of the total team in terms of FTEs
- Average salary per FTE is £30K across the projected period.
- Employers taxes and pension contributions total 18% of basic salary
- NB staffing costs exclude (i) ad hoc expenditure on catering and venue hire personnel (ii) stipend / fee payment to Workshop Partners – these costs are included in the costs of these specific areas as detailed below

CAFÉ

OVERVIEW

The Exchange manages full café operations, rather than franchising the space out to another operator. The rationale for doing this is that the benefits outweigh the challenges of running this in-house.

We estimate that we could secure c.£25,000 per year from an operator, based on other spaces locally. But we would lose the programming ability of The Bookstore, when a principal “first way in” to The Exchange for local people is through the café / food offer.

We also think that this will be the dominant income earner for The Exchange in the long-term if its development is managed well and in line with what our customers wants. We also know that a principal reason for becoming a member of The Society (a community shareholder) is The Bookstore.

The Bookstore is currently run by a strong management team, including a highly skilled Head Chef and an experienced Café Manager and salesperson.

Bookstore operations equates to average of 43% of staffing costs, and generating an average of 53% of income. The table below shows total income and costs for Bookstore operations.

INCOME	239,048	332,043	401,772	446,369	495,916
TOTAL COSTS (inc. café staff, but not marketing expenses or finance/office support)	187,902	220,451	267,116	289,136	320,189
NET	51,145	111,591	134,656	157,233	175,726

2021/22 income marks an 80% increase on 2018/19 figures (2019/20 figures are not used owing to elongated closure due to Covid-19). This is achievable bearing in mind we were able to generate over ½ of the 2018/19 figure during the pandemic where we were closed for most of the year. We have also been able to develop stronger products over this period, with stronger menus and increased local following. There will also be more space for café covers, including outdoors and in The Conversation Room.

In terms of the pandemic, we are predicting that by April 2021, we will be able to open again. Prior to this, we are expecting multiple lockdowns, so a disrupted service.

The staffing need is based on findings from 2018/19 and 2019/20 figures. They include enough resource to cover full operations a daytime and a minimum of a 3 day per week evening offer.

This income goes to support the wider community programme and additional operational staffing costs.

INCOME ASSUMPTIONS

- The café figures are calculated on the basis of 50 weeks per year operation.
- On an average week, there will be 337 daytime transactions in year 21/22. The starting figure is based on a 20% increase from Feb/Mar 2020, pre-Covid-19.
- On an average week, there will be 50 evening customers in year 21/22. The starting figure is based on evening events delivered in August and Autumn 2020.
- The numbers of transactions increase by 20% in 22/23 and 10% in 23/24, reflecting the marketing support secured with grant funding. After this point, there is an increase of 1% per year.
- The value of basic transaction for daytime is based on Feb/March 2020 figures (£9.73), increasing by 10% on annual basis.
- The value of the average evening transaction is based on the event style evening offer trialled in August and Autumn 2020 (£25 per head for food), increasing by 10% on an annual basis.
- The gross margin is 65% on all café sales.

EXPENDITURE ASSUMPTIONS

- Costs equate to 35% of café revenue.
- Café staffing equates to 40% of revenue in year 1 to reflect resource required to fully launch and develop offer, dropping to 30% in year 4. This drop also reflects an increase in proportion of lower salaried staff compared to management.
- Head Chef will also be responsible for overall delivery of Bookstore catering offer, but will be supported with additional catering staffing budget (see Catering section below).

VENUE HIRE

OVERVIEW

The venue hire offer will be co-delivered by the General Manager, Operational Support role and the Co-Directors. Venue hire work equates to roughly 7% of staff resource/capacity, generating 4% of income. Additional expenditure is included for use of Duty Managers per hire, if required.

Income targets start at £21,520 in 2021/22, rising to £37,820 in 2025/26. These figures are based on 2018/19 figures where we generated over £6,000 with no resource or marketing.

INCOME ASSUMPTIONS

- There are six options outlined in the figures for hire:
 - Ground floor main space, including garden room and side garden
 - Garden room only (with access to garden)
 - Conversation room
 - Learning room
 - Café / Bar
 - Photo / film shoot
- Figures based on “½ day hire”; this could be 9am-1pm, 1pm-5pm or 7-10pm (4 hours in total). Additional fee will be charged for any time beyond the four hours.
- Main space, garden room and learning room available each month
- Conversation room and café/bar only available for a few months per year (4 and 2 respectively); this is because Conversation Room will likely be used as a spill out café space (particularly during C-19 pandemic); and café / bar will be operating 50 weeks of the year.
- There are different average rates for each space, per ½ day hire (exact rate will depend on type of activity. These rates will be assessed annually to check against resource required for delivery.

- AREA	½ day hire	hour rate
- Main space, garden room + garden	£600	£150
- Garden room	£240	£60
- Conversation room	£120	£30
- Learning room	£120	£30
- Café / bar	£400	£100
- Photo / film shoot	£800	£200

- Cost per space will increase incrementally, by 25/26:

AREA	½ day hire	hour rate
Main space, garden room + garden	£700	£175
Garden room	£280	£70
Conversation room	£150	£37.50
Learning room	£150	£37.50
Café / bar	£600	£150
Photo / film shoot	£800	£200

- Costs for wedding celebrations, which tend to be more resource heavy, will be higher, and will be dealt with on event-by-event basis.

- For year 2021/22, the projected activity is:

- 18 hires of main space, garden room + garden
- 12 hires of garden room
- 8 hires of conversation room
- 24 hires of learning room
- 2 hires of café / bar
- 4 hires for photo / film shoots
- **68 ½ day hires in total**

- By year 2025/26, projected activity is:

- 22 hires of main space, garden room + garden
- 30 hires of garden room
- 12 hires of conversation room
- 54 hires of learning room
- 2 hires of café / bar
- 4 hires for photo / film shoots
- **124 ½ day hires in total**

- This equates to a 20% growth in the first 2 years, followed by 5-10% growth subsequently.

EXPENDITURE ASSUMPTIONS

Costs are included for additional duty manager support and cleaning per hour of hire. The value is variable depending on space hired (£6 per hour meeting room – increasing to £7.50; £20 per hour larger space – increasing to £30 in 2025)

CATERING

OVERVIEW

The catering will be managed by The Bookstore, principally the Head Chef, with additional support costed within catering. This should therefore not impact heavily on Bookstore operations.

Catering generates 2-4% of income, and uses 1-2% of core staffing budget.

INCOME ASSUMPTIONS

- Income targets start at £14,630 in 2021/22 rising to £38,440 in 2025/26.
- Income based on number of internal venue hire events, with average numbers per hire event for each space. In 2021/22 these numbers have been reduced to deal with ongoing government restrictions:

Average # of guests per hire					
Entire ground floor main space	50	100	100	100	100
Side space with garden	15	20	20	20	20
Conversation room	10	20	20	20	20
Meeting / learning room	10	20	20	20	20
Café / bar	20	40	40	40	40
Film / photo shoot	10	10	10	10	10

- Figures do not include any potential external catering possibilities. Although this is an area that we will explore.
- The numbers to each hire event have been reduced to deal with any ongoing implications of C-19.
- Not all hire customers will have catering produced by Bookstore, although this will be encouraged. Range of percentages used from 20% to 100% for different kinds of events. For example, meetings we are assuming 100% catering – as this has been our experience to date; for larger celebrations this drops to 60% where hirers may organise their own catering, with our approval.
- The average spend per head will also vary depending on the type of event / where the event takes place:

SPACE	Average spend per head	Rationale
- Main space	£25.00	Celebrations e.g. wedding receptions
- Garden room	£10.00	Meetings / gatherings
- Conversation room	£5.00	Meetings
- Learning room	£5.00	Meetings
- Café / bar	£15.00	One-off events e.g. Christmas period
- Film / photo shoot	£10.00	Subsistence through shoot

EXPENDITURE ASSUMPTIONS

- Variable costs include food supplies at 33% of income and additional Bookstore staffing at 10%.

EVENTS

OVERVIEW

The event programme will be co-delivered by the Community Projects Manager, the Co-Directors, the Marketing/Events Officer and the Operational Support role, and alongside other community partners e.g. market providers like CC Events and the Waste-Less Market. This area of work equates to 10% staffing resource and generates up to 4% of income. The relatively low financial return reflects an Exchange policy to keep community programming affordable, and using it as a way to drive visitors to the café/retail.

The programme consists of concerts and performances, community events such as the Open Mic Nights and Jazz Sundays, mini-festivals such as The Garden Party, as well as regular markets and exhibitions, as a way of activating our Town Square (the Carnegie Hall).

INCOME ASSUMPTIONS

- Income targets start at £6,417 in 2021/22 rising to £37,460 in 2025/26.
- The events programme includes a range of activities including concerts and performances, community-run smaller events (e.g. Open Mic, Jazz Sundays), markets, mini-festivals, exhibitions, tours + trails, and life drawing classes as run prior to Covid-19.
- There will be an increase in the numbers of events across the next 5 years:

	2021/22	2022/23	2023/24	2024/25	2025/26
Number of events					
Concerts + Performances	4	8	8	10	10
Community run small events (e.g. Open Mic / Jazz Sundays)	30	80	80	80	80
Markets	12	24	30	30	32
Mini-festivals	1	2	2	2	2
Exhibitions	1	1	1	1	1
Tours / Trails	12	15	20	20	20
Life drawing	20	48	48	48	48

- Only some events will bring direct income in – concerts + performances, open-mic/jazz Sundays, life drawing classes. Income based on average ticket price for each type of event, and average numbers to events:

Event type	Average number of attendees (2021/22)	Average number of attendees 3 (2022/23 onwards)	Average ticket price
Concert / Performance	50	100	£8
Open mic/ Jazz Sundays	20	20	£2.50
Life drawing	10	10	£8

- Other events bring visitors to the building, so additional income generated through increased café / bar sales (25p per visit).

EXPENDITURE ASSUMPTIONS

- Variable costs depending on type of event, but includes fees to performers and workshop delivery, and exhibition build / event costs.
- In years 2021/22 – 2023/24, some costs are covered through grant income.
- After this point, costs are covered through other income generation.

WORKSHOPS

BUSINESS MODEL

There are four full Workshop spaces – Textiles, Ceramics, Print and Woodwork. There is also a ½ Garden Workshop (The Garden Room), which operates at half capacity as it is also used as a venue hire space.

Each Workshop is led by a 'Workshop Partner' that is provided with an annual stipend of £12,000 to run the space as a Community Production space and to support the generation of income through production, courses, equipment hire, commissions etc. The Workshop Partner is also able to use the workshop for their own practice, and gain support from the Exchange team and programme to develop their practice.

The Courses will be high value offers, and will be marketed through arts and local networks including the Crafts Council, Craft Courses, Bexley Culture Board members. We will also seek subsidies from other partners including Oxleas NHS Foundation to ensure these are available to different groups. The price for these courses has been benchmarked against similar offers within London and Kent.

Each Workshop will vary in how it runs on a week-by-week basis, and there will be different financial models across each. For the purpose of the business plan, one model has been adopted across all 4.5 workshops.

Because this is an experimental model, we are seeking additional Arts Council support to provide the capital to develop in the early stages (see grant funding). The Exchange has already secured some funding via the Heritage Fund to commission the Workshop Partners for the first 6 months.

INCOME ASSUMPTIONS

- The ways of generating income through the workshops are: Space/equipment hire, Paid-for workshops/courses, commissions and community production.
- Community production income is dealt with in separate income line – Retail. Community production opportunities will be free or very low cost enabling high engagement.
- Space/equipment hire is charged at ½ day rate of £25.00. In year 2021/22, there will be 64 ½ day hires, increasing to 95 in year 2025/26.
- Paid-for workshops/courses are modelled on a 3-day high quality intensive course delivered by experienced craftspeople, costing £300 per participant. Each workshop will deliver 4 of these per year, for 10 participants in year 2021/22. This equates to just 180 individuals across the year.
- In year 2021/22 there is no income from commissions, as this is being provided through grant income to support the delivery of the fit-out of the Old Library. In year 2022/23, we will secure 2 commissions (value £5k) for each workshop; increasing to 3 commissions by 2024/25. These commissions will sustain community production work.

- The revenue generated will slowly build to the point where the Workshop Partner fee is 30% of income in 2024/25.

EXPENDITURE ASSUMPTIONS

- Includes variable costs associated with equipment hire, costs to deliver paid-for courses and costs to deliver commissions.
- Includes annual stipend to Workshops Partners to lead on work within each Workshop.
- Does not include costs associated with community production – these are included in retail figures.

RETAIL

OVERVIEW

The focus for retail will be craft products produced through our Workshops, and craft that creates social change, e.g. producers such as Aerende (www.aerende.co.uk) whose items are made by people who face social challenges. The aim of the retail offer is to showcase what craft can do for community/people, - through community making we can sustain a community space and programme.

The Workshops will take a while to set up before they are in a position to produce and sell, so the initial focus will be on showcasing established socially minded craft producers, and sale of items made in 2019/20 prior to C-19 and during the Community Shares campaign. These items will be sold initially within The Bookstore and on our online e-commerce pages. Additional outlets will be developed throughout the first year, including a Trouva store, stalls at established craft markets and a new Craft Market at The Exchange. Through our test programme which included two markets – Collective Market and Waste-Less Market, we know that there is a large appetite for local markets and craft, and people want to support local producers, and buy responsible produce. People also enjoy event style sales, so we will focus on creating “pop-up shops” with goods available only for short periods of time, generating foot fall and interest in visiting The Exchange.

As the Workshops develop, the retail offer will develop. At this point, we will develop plans for wider appearance at craft events through the Craft UK network we are a part of, and with the support of the Crafts Council.

Retail will be managed by the Co-Directors and the Marketing Officer, supported by the General Manager with additional support from 2023/24 when we appoint an Operational Support role. This equates to roughly 8% of staffing resource, to produce initially 3% of income, increasing to 10% by 2025/26.

INCOME ASSUMPTIONS

- Income targets start at £20,868 in 2021/22, rising to £81,933 in 2025/26. This equates to roughly 45% increase year on year. This is therefore a key focus for activity and development in the initial years.
- Retail figures include both on-site sales and sales through website/at trade fairs
- On-site sales based on average spend per visit, with different rates for repeat (80% of our visitors) and new visits (20%). This is calculated as 10p per repeat visit, and £2 per new visit.
- Visitor numbers are calculated through average spend in café, and numbers to events; these numbers were reduced in light of Covid-19.
- Other sales will be made through our own website, and at presence (both physical and digital) at other platforms. These will tend to be higher value items.
- Sales will be encouraged through directing people to our website – presumption of 5% of visits will translate into £50 worth of sales in year 1. This figure is based on average spend on craft item as informed by Crafts Council ‘Market for Craft’ report.

- To support these sales ambitions, this will be coupled with an intensive marketing push to establish The Exchange as a place to go for quality craft.

EXPENDITURE ASSUMPTIONS

- Costs associated with retail (i.e. community production) are 40% of income – this cost goes towards materials, product development and any commission agreed with Maker on ad hoc basis.

SCHOOLS

OVERVIEW

A Schools Officer was appointed in Autumn 2020 and is currently developing a Schools Programme for The Exchange, focusing on engaging young people in community and craft. Initial funding for the schools programme is provided by the National Lottery Heritage Fund with the idea of developing a sustainable offer over the next 18 months, this will mean that schools will pay for the sessions.

The figures for schools are quite low within the calculations. This reflects the resource (current 1 day per week, increasing to 2.5 days per week in 2024/25). However, The Exchange do plan to seek additional funding to support the growth of this offer, and to provide subsidised offers to schools that would struggle to pay for the sessions.

INCOME ASSUMPTIONS

- Income targets start at £4,500 in 2021/22, rising to £9,000 in 2025/26.
- In year 2021/22 we assume 30 school groups will take part in our schools programme (paid-for offer)
- With 30 children per class, that will amount to 900 children that year. This figures rises to 1,350 children in 2025/26
- We expect to expand this offer with funding support in the future.

EXPENDITURE ASSUMPTIONS

- We have a rough calculation of £2 per child per session.
- Schools equates to 3% (rising to 5% in 2024/25) of staffing resource, generating 1% of income.

CONSULTANCY

OVERVIEW

The Exchange will provide a limited consultancy offer, including support/advice with fundraising, developing heritage projects, delivering capital project, engagement, schools programme development etc, principally to support local groups. The purpose of this is to support wider development in the local area.

This will be delivered as a partnership with The Exchange Co-Directors and other staff who are contracted less than 5 days per week. If consultancy is secured, it is limited to the number of free days per week that staff member has. An agreement will be made with staff to increase their salaried days for the length of the contract.

Within the calculations, we have taken just the Co-Directors free time into account (both are employed 4 days per week). However, there is scope to add additional days e.g. Community Projects Manager and Schools Officer.

INCOME ASSUMPTIONS

- Calculated on an average day rate basis of £350 for Co-Director consultancy
- Available days for consultancy are 90 per year, i.e. the fifth day of the week for each Co-Director.
- In year one, we assume 35 days will be secured for consultancy; rising to 60 days by 2025/26.
- Payment to staff will be paid on an ad-hoc basis.

EXPENDITURE ASSUMPTIONS

- Costs based on day cost of a Co-Director
- Payment to staff will be paid on an ad-hoc basis.

GRANTS

Currently, The Exchange is predominantly grant funded. Our principal funder is the National Lottery Heritage Fund, with additional support from Power to Change, Orbit Housing, Veolia, and the National Lottery Community Fund. The aim is for The Exchange to become self-sustaining, and therefore not reliant on grant funding to deliver our core activities.

In 2021/22, earned income will be 52% of our total turnover; by 2025/26 it will amount to 95%.

The majority of grant funding has been secured. Of a total of £571,328 required, in the next 3 years, £140,000 still needs to be raised, equating to between £40-50K per year.

The Exchange is currently working on the development of a funding bid to the Arts Council for £100,000 that will be used to develop the Workshop programme. Other funders we are also discussing additional future funding include the National Lottery Community Fund, Orbit Housing and Oxleas NHS Foundation. We are therefore confident that this money can be found.

Beyond those three years, we are inputting a funding target of £40,000 per year. We have introduced this as the impact of Covid-19 has hit our projections, and this will enable us to deliver the same work but with potentially less engagement owing to restrictions.

The staff team are skilled fundraisers. In the past 3 years, they have raised over £3.4m for this project.

PROJECTS + ENGAGEMENT

This area includes a number of key projects that we will be delivering in the next few years:

The Constructivists: A skills development and craft production project, where participants gain skills in woodwork, ceramics and textiles, while supporting The Exchange to fit the building out with new furniture and crockery etc. This is funded by National Lottery Heritage Fund, Power to Change and Orbit.

Development Lab: A space and programme that supports local people with ideas for projects and businesses that have a social cause. This will include funding and business planning support, as well as showcase events, networking opportunities and use of equipment (e.g. adobe software, and printers).

The Germinator: A community growing project where local families, community groups and schools grow plants from seed that will be planted into the new Sarah Price garden at The Exchange.

The Grow-ver: A green space activation project that will see the construction of a "green vehicle" that will be used around North Bexley to encourage people to look at green spaces differently, to inspire better or increased use.

Discuss + Decolonise: A place and programme to learn, discuss, process, work together, and discover new ways which can help local people tackle racism and work towards a more inclusive society. In the future, this group will also lead on making the Exchange more inclusive, diverse and committed to tackling racism.

The Erithians: An oral history project to collect local stories and broadcast them via local radio station RTM.FM.

Town Centre Partnership + Erith Think Tank: Spaces to bring local residents, businesses, groups etc. together to develop a shared vision for Erith in the future, and to better promote and celebrate what happens here.

The Pier Commission (2022): A return of The Pier Commission, a community-led art commission for Erith Pier.

The Maker programme: Community-led events programming at The Exchange / in Erith. This programme has support from the Three Rivers Project.

Funding is secured to deliver these projects over the next 2 years. From 2023/24, there is £10,000 within the budget to sustain engagement activities and smaller projects. The Exchange would seek new funding for new projects at this point.

CAPITAL COSTS

Bexley Council and The Exchange are working in partnership on the delivery of the National Lottery Heritage Fund project which includes the capital works programme. We agreed that Bexley Council should be the lead applicant in order that they can manage the cashflow of large amounts of capital expenditure. This means that the costs within our plan only include the capital works that we are directly paying for, which include the garden and equipment.

Because this is a partnership project, and Bexley Council are in receipt of part of the funding (NL Heritage Fund, and their own contribution) and The Exchange are in receipt of other funding. There is a flow of money between the partners to ensure that we are paying our share of the project. So, this line also includes payments to Bexley Council to cover our share of capital costs.

Post the capital works, we have allowed £14K per year to deal with any need for new or repairs to capital equipment.

OPERATING COSTS

OVERVIEW

The operating costs have been calculated using current figures as a baseline, and through experience working within other heritage buildings. It includes premises costs developed through the Management and Maintenance planning process delivered in 2019 to ensure that we fulfil our obligations to maintain the building adequately within the lease agreement.

Initial expenditure in 2021/22 is £86,730 rising to £106,350 in 2024/25.

EXPENDITURE ASSUMPTIONS

- Figures based on current costs and projected uplifts
- Rent begins in 2026 as per lease agreement
- Rates based on 80% charity relief, as agreed with Bexley Council
- Premises costs include Management & Maintenance Plan figures
- Utilities based on current usage / square meterage
- Uniform figures for café staff
- Allowance for tool repairs / attachments on top of capex
- Waste removal based on current usage + additional activities
- Insurances based on quotations provided by insurance provider Zurich

- Office/accounts costs based on accountant quotation and current costs
- Includes an initial marketing budget of £14,000 increasing to £20,000 in 2024/25 (see marketing section)

MARKETING STRATEGY

See Appendix D for the full Market Appraisal. The information here gives a summary of marketing activity to be carried out in order to reach our targets, and outlines our marketing budget for the business plan period.

BOOKSTORE

TARGET GROUP	POSITIONING / ACTIONS
Local residents / business groups (repeat customers)	Word of mouth Local FB groups + local press Social media communications Occasional town leafleting / door to door leafleting Time-limited offers (to encourage new people in) Connections with local groups Group offers (to attract family, friend and business groups) Regular events – changing menus to sustain interest
SE London / wider Bexley / Dartford / Kent (special occasion / visiting customers)	Bexley Council marketing support Local press + magazines (e.g. Kent Life, Evening Standard, TimeOut etc.) Posters/advertising/leafleting at stations / on train – Kent to London
Visitors to The Exchange for other reasons	Clear signage in building – pointing to café Bookstore offers available when booking for another event

VENUE HIRE + CATERING

TARGET GROUP	POSITIONING / ACTIONS
Local individuals / groups	Tie venue hire offer with shareholder campaign Clear benefit for local individuals / groups Messaging around this being a community building, belonging to local people Word of mouth Local FB groups + local press Social media communications Occasional town leafleting / door to door leafleting Group booking benefits e.g. % off if book a regular slot Discounts for community focused / public activity
SE London / wider Bexley / Dartford / Kent individuals	Venue listings e.g. for weddings / celebrations / hen parties Good “add on” offers e.g. connecting with other areas of work – ceramics workshops etc. Targeted FB/Instagram ads showcasing venue
Businesses – local and SE London / wider Bexley / Dartford / Kent	Bexley Council marketing support Offers for businesses, when commit to certain number of hires (to encourage meeting groups) Good “add on” offers e.g. for office away days, connecting with other areas of work
Film / photo shoots	Venue listings for film/photography Advertising on FB groups for film / photo practitioners

EVENT PROGRAMME

TARGET GROUP	POSITIONING / ACTIONS
Local individuals / groups	<p>Word of mouth</p> <p>Local FB groups + local press</p> <p>Social media communications</p> <p>Occasional town leafleting / door to door leafleting</p> <p>Group offers – e.g. for groups not likely to participate / attend</p> <p>Posters in town centre / station</p> <p>Leafleting in town centre / station</p> <p>Town “graffiti” on days of events (i.e. chalk on pavement)</p> <p>Partner marketing e.g. LSEC college, culture board attendees</p> <p>Attending other community events – leafleting or holding stall</p>
SE London / wider Bexley / Dartford / Kent individuals	<p>Bexley Council marketing support</p> <p>Local press + magazines (e.g. Kent Life, Evening Standard, TimeOut etc.)</p> <p>Leaflets at partner organisations e.g. Dartford Library, Bexley Libraries, other heritage/art spaces etc.</p>

WORKSHOPS

TARGET GROUP	POSITIONING / ACTIONS
Potential Workshop Partners (arts/crafts community)	<p>Targeting of offer on arts/crafts commission sites</p> <p>Craft Council marketing</p> <p>Articles in craft press about the model / research project</p>
Community Production Makers (local individuals)	<p>Opportunities for skills development clearly outlined</p> <p>Opportunities for “community” and “wellbeing” clearly expressed</p> <p>Word of mouth</p> <p>Local FB groups + local press</p> <p>Social media communications</p> <p>Occasional town leafleting / door to door leafleting</p>
Practitioners – to hire equipment	<p>Local arts / crafts groups – in particular social media groups</p> <p>Partner marketing e.g. TACO!, Centrepieces, Bexley Council, Peabody</p>
Paid-for event participants	<p>Presence on partner sites, including craftcourses.com</p> <p>Quality Workshop deliverers / craftspeople</p> <p>Unique offers with clearly outlined learning objectives</p> <p>Crafts press / Craft Council marketing support</p>
Commissions	<p>Initial commissions are secured through grant funding</p> <p>Development of commission potential / work with potential commissioners e.g. Orbit Homes on developing offer</p> <p>Crafts press marketing of production potential</p>

RETAIL

TARGET GROUP	POSITIONING / ACTIONS
On-site visitors (i.e. not specifically here to shop)	<p>Opportunities for small purchases at key areas (e.g. Bookstore till, within Workshops e.g. during courses)</p> <p>Staff trained to encourage sales of craft product (as well as café)</p> <p>Clear messaging around what the sales achieve (i.e. supporting the skills development / community production / community programme)</p>
Craft market (physical)	<p>Create (regular) local craft market at The Exchange; TEX takes a stall</p> <p>Appearance at other craft and trade markets – stalls, e.g. Collect</p> <p>Clear messaging about value of the purchase (i.e. quality craft, support for communities and craftspeople)</p>
Craft market (digital)	<p>Appearance on digital marketplaces e.g. Trouva, Artsy etc.</p> <p>Quality product photography + online display (incl. TEX website)</p> <p>Craft press articles e.g. Craft Magazine, Selvedge etc.</p> <p>Lifestyle magazine features</p>

SCHOOLS

TARGET GROUP	POSITIONING / ACTIONS
Primary schools	Cultural education partnership Developing direct relationships with teachers and Head Teachers
Secondary schools	Cultural education partnership Developing direct relationships with teachers and Head Teachers

CONSULTANCY

TARGET GROUP	POSITIONING / ACTIONS
Local groups	Clear on website what we can offer Show support we are already giving to other groups (e.g. St Johns / Three Rivers/ Bexley Council) Targeting of groups that might be interested in support (need to identify)
Wider groups	Develop relationship with Churches Conservation Trust (opportunities already in pipeline) Become Heritage Fund monitor Improve networks in sectors: arts/culture, community business, heritage etc. Write articles for sector press e.g. Museums Association, Stir Magazine, Arts Council blogs, Crafts magazine etc

ACTION PLAN

Pre-business plan (up to March 2021) actions:

ACTION	DEADLINE	RESPONSIBILITY	BUDGET
Recruit Marketing Officer	September	SB	Staffing cost
Install building signage – external and internal	March	PN	Construction budget
Develop photography brief and bank	January	SB/ZS	No cost
Marketing packs for Venue Hire + Catering (incl. graphic design, ipad, printing)	March	SB/ZS	£1,000
Press plan for Spring launch	February	SB	No cost
Submit funding application + marketing plan for Workshop Partners to Arts Council	January	PN/SB	No cost
Community shares campaign planning + production (incl. film)	December	SB/PN	Reach Fund project budget
Marketing release for first quarter of 2021/22 programme in February 2021 (includes design, print, distribution)	February	ZS	£1,250
Development of detailed marketing plans for 2021/22 for following income streams: <ul style="list-style-type: none"> - The Bookstore - Venue hire + catering - Events / Public Programme - Workshops + courses - Retail - Schools - Community shares / membership - Donations - Consultancy 	February	SB/ZS	No cost
TOTAL			£2,250

Annual marketing plan/budget from 2021/22:

ACTION		BUDGET
4 x Programme marketing releases per year (print + digital, incl. graphic design)	ZS	£5,000
4 x Hire marketing releases per year (digital only, incl. graphic design)	SB/CR	£800
Quarterly e-newsletter to members and contacts	ZS	No cost
Website / software costs e.g. hootsuite, emails	ZS	£2,500
External “promotional” events	SB/ZS	£3,450
General graphics (e.g. project specific)	OR	£750
General targeted advertising	SB/ZS	£1,000
General updates to leaflets / bookmarks / website	ZS	£500
TOTAL		£14,000

N.B. This marketing budget is tight. We have modelled an increase to £20,000 in year 2024/25.

OPERATIONAL PLANNING

Public programme:

- Annual planning will start a minimum of 6 months before the start of the year; in some instances e.g. the exhibition programme, planning will start a minimum of 1 year before.
- Operates on quarterly basis; April – June, July – September, October – December, January – March.
- Planning for each quarter will start 6 months before the start of the quarterly programme, with plans finalised 3 months before.
- Programme will be marketed 2 months before the quarterly programme start.

Finance:

- End of year accounts pulled together and independently examined in May/June of each year for submission to the Financial Conduct Authority
- Financial planning for the year carried out 6 months before year end
- Fundraising strategy for year pulled together at least 6 months before year end

Training

- Skills audit carried out annually in January
- Annual training plan set in March, for start in April of each year

Evaluation

- Reporting carried out in line with Membership approved Ends and Limitations policies, and the reporting schedule (see monitoring section)
- End of year evaluation report, including films or other resources, pulled together in April / May of each year

ENVIRONMENTAL SUSTAINABILITY

Tackling the climate crisis is a core aim of The Exchange, and this includes not only an education programme – that will be used to inform workers at The Exchange as well as wider participants, but also the reviewing and improving our own internal workings, and the building in which we are based. Our ambition is to become a net-zero building and operation by 2030, and to become a space where people can learn about how to transform their own houses and spaces so we can all play our part in tackling the crisis.

Over the next 5 years we will:

- 1) Develop a plan that will transform the building's energy technologies into low or zero carbon impact.
- 2) Establish an environmental review process, which will be used by all staff to monitor the environmental impact of their work, and to discover opportunities/areas to improve. This will include use of materials, suppliers and how they work, looking at wastage, and journeys taken by goods/products. We may look at carbon offsetting schemes, but this will be done in a balanced way where the focus remains on improving our work rather than passing the impact on.
- 3) Establish an environmental learning programme through our Garden Room, in partnership with North West Countryside Partnership.

SENSITIVITY TESTING

SCENARIOS

We have looked at four areas of sensitivity to our financial projections:

- 1) 10% reduction of sales across the board
- 2) 15% reduction in café / catering – our biggest income stream
- 3) 20% reduction in workshop + retail sales – our second biggest area of work
- 4) 20% increase in running costs

1) 10% reduction in sales

Yearly projections	21/22	22/23	23/24	24/25	25/26	(taken from income statement)
café / catering sales	£ 255,928	£ 368,643	£ 440,972	£ 488,409	£ 539,756	
hire sales	£ 21,520	£ 27,380	£ 31,780	£ 35,520	£ 37,820	
event sales	£ 6,418	£ 17,866	£ 24,535	£ 30,660	£ 37,460	
workshops / retail	£ 82,068	£ 138,555	£ 170,000	£ 209,117	£ 227,621	
schools	£ 4,500	£ 5,250	£ 5,700	£ 9,000	£ 9,000	
consultancy	£ 12,250	£ 14,700	£ 15,750	£ 17,500	£ 21,000	
grants	£ 361,476	£ 152,750	£ 82,103	£ 40,000	£ 40,000	
donations	£ 20,000	£ 1,000	£ 1,000	£ 1,000	£ 1,000	
sensitivity testing - % of projected	21/22	22/23	23/24	24/25	25/26	% of projected
café / catering sales	£ 230,335	£ 331,779	£ 396,875	£ 439,568	£ 485,780	90%
hire sales	£ 19,368	£ 24,642	£ 28,602	£ 31,968	£ 34,038	90%
event sales	£ 5,776	£ 16,080	£ 22,082	£ 27,594	£ 33,714	90%
workshops / retail	£ 73,861	£ 124,700	£ 153,000	£ 188,205	£ 204,859	90%
schools	£ 4,050	£ 4,725	£ 5,130	£ 8,100	£ 8,100	90%
consultancy	£ 11,025	£ 13,230	£ 14,175	£ 15,750	£ 18,900	90%
grants	£ 361,476	£ 152,750	£ 82,103	£ 40,000	£ 40,000	100%
donations	£ 20,000	£ 1,000	£ 1,000	£ 1,000	£ 1,000	100%
Sales costs	21/22	22/23	23/24	24/25	25/26	(taken from income statement)
café / catering sales	£ 90,925	£ 131,953	£ 157,476	£ 174,306	£ 192,422	
hire sales	£ 3,648	£ 5,184	£ 7,696	£ 8,616	£ 8,892	
event sales	£ 17,830	£ 24,040	£ 26,840	£ 31,320	£ 34,520	
workshops / retail	£ 70,267	£ 92,322	£ 102,931	£ 118,409	£ 123,842	
schools	£ 1,800	£ 2,100	£ 2,280	£ 3,600	£ 3,600	
consultancy	£ 4,712	£ 6,462	£ 6,923	£ 7,692	£ 9,231	
reduced costs (as result of reduced sales)	21/22	22/23	23/24	24/25	25/26	

café / catering sales	£	81,833	£	118,758	£	141,729	£	156,876	£	173,180
hire sales	£	3,283	£	4,666	£	6,926	£	7,754	£	8,003
event sales	£	16,047	£	21,636	£	24,156	£	28,188	£	31,068
workshops / retail	£	63,240	£	83,090	£	92,638	£	106,568	£	111,458
schools	£	1,620	£	1,890	£	2,052	£	3,240	£	3,240
consultancy	£	4,240	£	5,815	£	6,231	£	6,923	£	8,308
Total cost savings	£	18,918	£	26,206	£	30,415	£	34,394	£	37,251

Impact (with cost savings)

income-expenditure	£	(176,294)	£	3,667	£	4,244	£	(21,614)	£	12,935
position at bank	£	20,234	£	23,901	£	28,145	£	6,531	£	19,466

The figures above show a 10% reduction in sales across café, catering, hire, events, workshops, retail, schools and consultancy. Cost of sales have also been reduced by 10% to reflect lower sale figures.

The impact of this is a break-even business model, where The Exchange is able to maintain a reserve, but not one that is sufficient to cover our current reserves policy.

In this situation, The Exchange would need to look to reduce costs further by decreasing the staff resource. The table below shows how we can reduce the staffing resource by 5% over the first three years increasing back to what was resourced by 2024/25, and maintain a healthy reserve position.

Financial risk management - staff reduction		21/22		22/23		23/24		24/25		25/26
average salary	£	29,650	£	30,570	£	29,866	£	29,813	£	29,731
number of FTEs (before savings)		7.9		8.4		9.9		11.2		11.7
total staff		234,234.6		256,791.4		295,672.2		333,900.0		347,849.6
% reduction		5%		5%		5%		0%		0%
reduction in £	£	11,711.73	£	12,839.57	£	14,783.61	£	-	£	-

Impact (with costs savings + staffing)

income-expenditure	£	(164,582.21)	£	16,506.71	£	19,027.32	£	(21,614.18)	£	12,935.43
position at bank	£	31,945.91	£	48,452.62	£	67,479.94	£	45,865.76	£	58,801.19

For how we would deal with any further reduction, see Risk Management.

2) 15% reduction in café / catering

The café is our principal income stream, so the impact on this area of work will have the largest impact on overall sustainability. The figures below demonstrate the impact of 15% reduction in café/catering sales:

Yearly projections	21/22	22/23	23/24	24/25	25/26	(taken from income statement)
café / catering sales	£ 255,928	£ 368,643	£ 440,972	£ 488,409	£ 539,756	
hire sales	£ 21,520	£ 27,380	£ 31,780	£ 35,520	£ 37,820	
event sales	£ 6,418	£ 17,866	£ 24,535	£ 30,660	£ 37,460	
workshops / retail	£ 82,068	£ 138,555	£ 170,000	£ 209,117	£ 227,621	
schools	£ 4,500	£ 5,250	£ 5,700	£ 9,000	£ 9,000	
consultancy	£ 12,250	£ 14,700	£ 15,750	£ 17,500	£ 21,000	
grants	£ 361,476	£ 152,750	£ 82,103	£ 40,000	£ 40,000	
donations	£ 20,000	£ 1,000	£ 1,000	£ 1,000	£ 1,000	

sensitivity testing - % of projected	21/22	22/23	23/24	24/25	25/26	% of projected
café / catering sales	£ 217,539	£ 313,347	£ 374,826	£ 415,148	£ 458,792	85%
hire sales	£ 21,520	£ 27,380	£ 31,780	£ 35,520	£ 37,820	100%
event sales	£ 6,418	£ 17,866	£ 24,535	£ 30,660	£ 37,460	100%
workshops / retail	£ 82,068	£ 138,555	£ 170,000	£ 209,117	£ 227,621	100%
schools	£ 4,500	£ 5,250	£ 5,700	£ 9,000	£ 9,000	100%
consultancy	£ 12,250	£ 14,700	£ 15,750	£ 17,500	£ 21,000	100%
grants	£ 361,476	£ 152,750	£ 82,103	£ 40,000	£ 40,000	100%
donations	£ 20,000	£ 1,000	£ 1,000	£ 1,000	£ 1,000	100%

Sales costs	21/22	22/23	23/24	24/25	25/26
café / catering sales	£ 90,925	£ 131,953	£ 157,476	£ 174,306	£ 192,422
hire sales	£ 3,648	£ 5,184	£ 7,696	£ 8,616	£ 8,892
event sales	£ 17,830	£ 24,040	£ 26,840	£ 31,320	£ 34,520
workshops / retail	£ 70,267	£ 92,322	£ 102,931	£ 118,409	£ 123,842
schools	£ 1,800	£ 2,100	£ 2,280	£ 3,600	£ 3,600
consultancy	£ 4,712	£ 6,462	£ 6,923	£ 7,692	£ 9,231

reduced costs (as result of reduced sales)	21/22	22/23	23/24	24/25	25/26
café / catering sales	£ 77,286	£ 112,160	£ 133,855	£ 148,160	£ 163,558
hire sales	£ 3,648	£ 5,184	£ 7,696	£ 8,616	£ 8,892
event sales	£ 17,830	£ 24,040	£ 26,840	£ 31,320	£ 34,520
workshops / retail	£ 70,267	£ 92,322	£ 102,931	£ 118,409	£ 123,842
schools	£ 1,800	£ 2,100	£ 2,280	£ 3,600	£ 3,600
consultancy	£ 4,712	£ 6,462	£ 6,923	£ 7,692	£ 9,231
Total cost savings	£ 13,639	£ 19,793	£ 23,621	£ 26,146	£ 28,863

Impact (with cost savings)

income-expenditure	£	(181,694)	£	(803)	£	178	£	(24,103)
position at bank	£	14,834	£	14,031	£	14,209	£	(9,894)

The figures above show that a 15% will result in a fairly significant impact on our budgets. This will require additional savings through reducing café staffing costs. The table below shows a 10% reduction in staffing in 2021/22, followed by 5% in 2022/23 and 2023/24. Staffing is back to projected resourcing by 2024/25. This enables us to maintain a healthy reserve.

Financial risk management - café staff reduction

café staff costs (before savings)	£	122,400	£	122,400	£	144,660	£	151,071	£	165,021
number of café FTEs		4.7		4.7		5.7		6		6.5
average cost per member of staff	£	26,043	£	26,043	£	25,379	£	25,179	£	25,388
% reduction		10%		5%		5%		0%		0%
reduction in £	£	12,240.03	£	6,120.02	£	7,233.02	£	-	£	-
revised no. of FTEs		4.23		4.47		5.42		6.00		6.50

Impact (with costs savings + staffing)

income-expenditure	£	(169,454.17)	£	5,317.05	£	7,411.40	£	(24,103.36)	£	10,850.32
position at bank	£	27,073.95	£	32,391.00	£	39,802.40	£	15,699.04	£	26,549.36

What this will mean in practice is a reduction in Café Assistant / Kitchen Porter / Assistant Chef hours to reflect lower customer numbers.

For how we would deal with any further reduction, see Risk Management.

3) 20% reduction in Workshop + Retail sales

Workshops and Retail are key to our overall business model, as our aim is to generate income through craft sales, sustaining an accessible crafts skills programme / community programme. This area of sensitivity tests the flexibility within that model.

Based on the same modelling as used above, we can sustain a 20% decrease in workshop / retail sales, if all other areas of operations are on target, without having to reduce any costs, i.e. the Workshop Partner fees:

Yearly projections		21/22	22/23	23/24	24/25	25/26	(taken from income statement)
café / catering sales	£	255,928	£ 368,643	£ 440,972	£ 488,409	£ 539,756	
hire sales	£	21,520	£ 27,380	£ 31,780	£ 35,520	£ 37,820	
event sales	£	6,418	£ 17,866	£ 24,535	£ 30,660	£ 37,460	
workshops / retail	£	82,068	£ 138,555	£ 170,000	£ 209,117	£ 227,621	
schools	£	4,500	£ 5,250	£ 5,700	£ 9,000	£ 9,000	

consultancy	£	12,250	£	14,700	£	15,750	£	17,500	£	21,000
grants	£	361,476	£	152,750	£	82,103	£	40,000	£	40,000
donations	£	20,000	£	1,000	£	1,000	£	1,000	£	1,000

sensitivity testing - % of projected		21/22	22/23	23/24	24/25	25/26	% of projected				
café / catering sales	£	255,928	£	368,643	£	440,972	£	488,409	£	539,756	100%
hire sales	£	21,520	£	27,380	£	31,780	£	35,520	£	37,820	100%
event sales	£	6,418	£	17,866	£	24,535	£	30,660	£	37,460	100%
workshops / retail	£	65,654	£	110,844	£	136,000	£	167,294	£	182,097	80%
schools	£	4,500	£	5,250	£	5,700	£	9,000	£	9,000	100%
consultancy	£	12,250	£	14,700	£	15,750	£	17,500	£	21,000	100%
grants	£	361,476	£	152,750	£	82,103	£	40,000	£	40,000	100%
donations	£	20,000	£	1,000	£	1,000	£	1,000	£	1,000	100%

Impact (no cost savings)

income-expenditure	£	(173,357)	£	6,989	£	8,703	£	(18,811)	£	17,426
position at bank	£	23,171	£	30,160	£	38,863	£	20,052	£	37,478

For how we would deal with any further reduction, see Risk Management.

4) 20% increase in operating costs

The final sensitivity looks at an increase in operating costs, including building and utility costs. The tables below shows that the current model can sustain an increase of 20% and maintain a healthy reserve:

		21/22	22/23	23/24	24/25	25/26					
income-expenditure		(156,944)	34,701	42,703	23,012	62,950					
position at bank		39,584	74,285	116,988	140,000	202,950	<i>(taken from income statement)</i>				
current operating costs	£	86,730	£	96,730	£	99,180	£	106,350	£	106,350	%
increase in operating costs	£	17,346	£	19,346	£	19,836	£	21,270	£	21,270	20%
total operating costs	£	104,076	£	116,076	£	119,016	£	127,620	£	127,620	
Impact:		21/22	22/23	23/24	24/25	25/26					
income-expenditure		(174,290)	15,355	22,867	1,742	41,680					
position at bank		22,238	37,593	60,460	62,202	103,882					

ALTERNATIVE SCENARIOS

As there are multiple income streams, alternative scenarios to the ones explored above are possible. How we deal with these scenarios will include a mix of the same. For any scenario, the first response will be to see if we can find alternative funding sources so that we do not have to cut our work and our ambitions. Beyond this, we will look at reducing costs (staffing or other) or adapting the business model, for example focusing on a better performing area of work.

In the event where we are doing better than expected, we will look to grow the model faster, increasing staffing resource particularly where it will help raise awareness and engagement in what we do.

RISK MANAGEMENT

Risk	Likelihood	Impact	Mitigation	Responsibility
Additional grant income required is not generated.	Low	Medium	<ul style="list-style-type: none"> Conversations already underway with target funders for required amounts Additional funders identified if needed to secure additional 	Co-Directors
Programme is not generating projected interest.	Low	High	<ul style="list-style-type: none"> Programme is being designed alongside members of the community Flexibility within the programme, allows for changes in direction if required Programme is evaluated regularly by staff and discussed at programme meetings 	Co-Directors Community Projects Manager Marketing Officer Schools Officer General Manager
Operating costs are higher than expected.	Medium	Medium	<ul style="list-style-type: none"> Current financial model allows for 20% increase in operating costs New contracts will be sought if needed to bring costs down We will regularly review our electricity/gas/water usage and explore ways to reduce 	Co-Directors
Income targets are not being met (general across the board).	High	High	<ul style="list-style-type: none"> Current financial model allows for 10% reduction in sales costs Contingency fundraising plans will be in place If savings are required, we will explore reducing operational costs against potential impact, this will include staffing only where necessary. If there is need to reduce further, a review of the business plan financials will take place with the Board to develop a new operating model with smaller staffing resource. 	Co-Directors General Manager Workshop Partners Schools Officer The Board
The Workshop Partner model is not generating sufficient income.	Medium	High	<ul style="list-style-type: none"> Review of whether this is a short-term issue, requiring additional initial investment, or whether it is a long-term problem. If short-term, we will seek additional investment through grant funding If long-term, we will review the financial operating model with the Board. This model is being developed alongside Crafts Council, Diversity Trust and National Trust's Red House. 	Co-Directors The Board Workshop Partner Project Board
Engagement in the Constructivists and Germinator (community build) projects is lower than expected (as result of C-19 or other reason).	Medium	Medium	<ul style="list-style-type: none"> Likelihood increased as a result of C-19. Possible extension of these projects in order to deliver ambitions. By extending this shouldn't impact on income, as extension will be planned to have no impact on operations. Longer project could have increased social benefit – stronger relationships developed with community makers. 	Community Projects Manager Co-Directors
The capital works are not delivered on time / delivered to a lower standard than expected.	Medium	Low	<ul style="list-style-type: none"> Likelihood increased as a result of C-19. We have planned not to launch our programme until April/May 2021, at a reduced scale within business plan so impact shouldn't be great. 	Co-Directors
Erith Town Centre is damaged as a result of C-19, or as a result of poor local planning decisions, leading to less of a reason to visit Erith.	Medium	Medium	<ul style="list-style-type: none"> Likelihood increased as a result of C-19. Additional funding secured to develop a Town Centre Partnership and Erith Think Tank to work together as a community to market Erith and develop a joined-up vision for the future. Our programme should provide sufficient reason to generate visits if marketed well. Good relations with the local authority should be maintained. 	Co-Directors
Partnerships do not develop as expected, or are weaker than expected, leading to lower resourced / quality offering.	Low	Medium	<ul style="list-style-type: none"> Partnerships are currently strong. Standard of communications will be maintained. 	Co-Directors All staff
Volunteer / society member support is not as strong as expected, leading to lower investment and support towards operations.	Low	High	<ul style="list-style-type: none"> Currently we have strong local and volunteer support. Additional grant funding would be sought if required. 	Co-Directors All staff
Staff morale is impacted as a result of C-19 (or other external force) or staff expertise is lost.	Medium	Medium	<ul style="list-style-type: none"> Currently we have a strong and supportive staff team that works well together 	Co-Directors

			<ul style="list-style-type: none"> ▪ Regular All Staff meetings to be held, to encourage cross-pollination of ideas and deeper understanding of each other ▪ Support given to staff members to try out their own ideas ▪ Support given towards development e.g. training (included in operating costs) 	
Co-Directors leave or become unwell	Low	High	<ul style="list-style-type: none"> ▪ Detailed Business Plan is in place that would enable other people to be employed to deliver the work ▪ Board to ensure Co-Directors wellbeing 	The Board
Governance structure, processes and procedures are not clear, leading to mismanagement of organisation.	Low	High	<ul style="list-style-type: none"> ▪ Board currently producing Governance Manual, including board roles, term lengths and reporting schedules etc. 	The Board Co-Directors
Vision and values are not clearly communicated, leading to a confused understanding of what we are about.	Low	Medium	<ul style="list-style-type: none"> ▪ Clear messaging has been produced with support of Brand consultant and board member Alexei Hartley ▪ Initial staff, board and volunteer training to include values and mission workshops ▪ Marketing Officer to support others in communicating what we do, and why we do it 	Co-Directors Marketing Officer

IMPACT + MONITORING

The following tables show the schedule for quarterly board meetings, and the reports required for appropriate monitoring. The first table outlines reporting against our Ends (aims) for The Exchange. The second table outlines reporting against the Limitations set by the Board, i.e. the minimum level of information that the Board requires in order to appropriately govern the organisation.

Ends (Aims) Monitoring

	End	Frequency	When	Interpretation	Data
E	Erith is a better place to live	Annually	May	The lives of people in Erith are improved through activities that deal with local concerns, providing increased opportunity, and tackling negative perceptions of place. This includes local empowerment and supporting local innovation and ideas; championing cultural diversity; tackling the climate emergency and racism; improving the mental health and wellbeing of residents; and creating opportunities for connection reducing isolation and lack of cohesion. Our foundation and "reason for being" is our home The Old Library and its heritage as a community designed and built space, constructed to provide opportunities for learning and community.	Annual collection and evaluation of all data up to end of financial year (31 March); a user survey and local partner survey carried out in February / March. Evaluation report produced by May.
E1	We are based at The Old Library; and the building's community and craft heritage (as community designed and built space; and as a space for learning and opportunity) is at the centre of our work	Annually	February	The work of The Exchange remains rooted in The Old Library's heritage focusing on supporting and showcasing local crafts skills and what this can bring to a local area, and a space where people can make positive things happen.	Numbers developing craft skills; income generated through community production; partnerships with craft groups/organisations/individuals; the opportunities for craft available.
E2	We empower people and communities	Annually	February	People and groups of people feel that they have power and agency to change things on their doorstep for the better. The ability to make change is demystified.	Numbers and experience of people involved in empowerment projects; the opportunities; experience of staff and volunteers; the achievements of people involved with support projects; change in attitude to what communities can do (local authority)

E3	We actively seek out and champion cultural diversity	Annually	May	Diverse cultures and voices have a platform to share ideas, histories, presents and futures.	Diversity data of our users and partners; Diversity of programme/staff approach to diversity; Evidence of diversity training for staff / volunteers
E4	We shine a light on and celebrate local heritages	Annually	May	Diverse local heritages are revealed and recognised for their importance in creating a sense of place and belonging.	Communications; programme and exhibitions; partnerships
E5	We take action to tackle the climate emergency	Annually	August	People in Erith have a greater awareness of the emergency, and have a greater commitment towards - and a better understanding of their role in - tackling the causes of it.	Projects and programme; Garden Room data; data against target net zero by 2030; partnerships / supplier info
E6	We take action to tackle racism, lack of cohesion and inclusion	Annually	August	People feel that Erith is a place for them because it deals with trauma and unfairness, and because there are spaces for all people and groups to go to feel welcome.	Projects and programme; experience of users; internal policies and training on equality + diversity etc.; partnerships
E7	We take action to tackle poor mental health, poor wellbeing and loneliness	Annually	November	People are given regular and diverse opportunities for maintaining good wellbeing. Using MIND's 5 ways to wellbeing, these activities will support people to connect with others reducing isolation, to be active, to learn new skills, to volunteer and to slow down.	Projects and programme; experience of users; internal policies and experience of staff/volunteers; partnerships
E8	We support local innovation and ideas	Annually	November	People are given support to develop ideas that will add value to the local area. To positively change a place it takes others.	Projects and programme; evidence of Development Lab and Makers programmes; impact of new initiatives locally and to individuals.

Limitations Monitoring:

	Limitation	Frequency	When	Interpretation	Data
L1	Communication with the Board	Annually (by Board)	May	Reports on time, up to date with information, information is appropriate, information is being communicated from staff team.	Reports received on time; presentations on issues appropriate
L2	Strategic Planning	Annually	February	Strategic plan exists and is up to date	Strategy Day with Board /Members reviewing Ends and Limitations, Ends / Limitations update
L3	Organisational Structure	Annually	February	Structure is in place and is appropriate to achieve ends	Structural diagram
L4	Products and Services related to Ends	Annually	May	Financially sustainable organisation	
L5	Financial Condition	Quarterly	Every meeting	That the Board is aware of the organisation's current financial performance	Quarterly - Income + expenditure, Year to date and forecast; cashflow; long-term forecast. Annually – Project budgets, Annual budget, membership figures
L6	Financial Planning	Annually	November	That an annual budget is in place	Annual budget submitted
L7	Changes to the Annual Budget	Quarterly	Every meeting	That any significant changes to annual budgets are noted	Budget lines that show a deviation are noted with any mitigations shown
L8	Funding	Bi-annually	November, May	That the organisation should have an up-to-date funding strategy, a plan for resourcing the activity necessary to achieve its stated ends.	Updated funding strategy submitted to board
L9	Levels of delegated financial authority	Quarterly	Every meeting	That the executive is procuring services and materials in a way that meets the financial authority procedures.	Spend over the specified amounts noted with a note as to how the relevant procedures were met
L10	Treatment of Beneficiaries	Annually	August		Policies and procedures in place
L11	Treatment of staff and volunteers	Annually	August		Policies and procedures in place
L12	Conflict of interest for the Executive	Annually	August	That any conflicts of interest are noted and appropriately mitigated.	Submission of a Conflict of Interest register for all employees
L13	Risk reporting	Quarterly	Every meeting	That a risk register with appropriate mitigation is maintained and that Board members are aware and understand these risks.	Submission of a risk register identifying risks with a score for likelihood and impact and an outline of any mitigating actions.

APPENDICES

- A. Consultation Report (Apr 2017 - Oct 2018)
- B. Evaluation Report (Nov 2018 - Mar 2020)
- C. The Exchange Rules
- D. Market Appraisal