Appendix B

**Risks and Assumptions of the Hawthorns Steering Group / DCDT Statement**

(i) The allowance made for repairs and refurbishment is £50.000 over the next three years. This is inadequate. The independent report of a stock condition survey carried out for the Council of April 2008 has been given to the Group. At that date the total repairs to the building (adjusted to remove the cost of the Sk8 Park) were just over £311,000. As the policy position is that the new Desborough Leisure Centre would be a replacement there has been little recent investment in the asset.

(ii) The allowance for fitness suite equipment purchases is £22,000 in year one only. This may be too low. Figures provided by Parkwood are that the costs of 25 new pieces of equipment similar to the standard they use are £75,000.

(iii) Year one shows a grant of £50,000. There is no evidence that grant applications have been made but what are described as encouraging site visits have taken place by a charity. Charities usually require a long lease for a substantial grant maybe as low as 10 years but preferably up to 25 years.

(iv) The sales revenue figures have been built up based on the opening hours and reasonable charges. However, the risk remains that sufficient customers will not remain loyal to the Hawthorns or new customers generated. The estimated income from the bar including food and activities is £43,000 in year one and that this business will continue to grow over the three years. Even if this part of the operation is volunteer led there is no market research to substantiate a local demand for this level of business in this location.

(v) The profit and loss statement in year one shows a very small net profit of £1,900. This would increase to £23,820 in year three. It is not considered that the 3 year plan is viable or sustainable .