

ADDENDUM

SY036-04/21 YRCC MANAGEMENT UPDATE**Additional Information**

At the Council Briefing on 20 April 2021, Council requested further clarification on the Shire overheads allocated to the YRCC. Due to the Activity Based Costings (ABC) costing model in standard use by local governments, the overhead allocation of \$198,650 is an estimation only.

The estimate of overheads has been calculated against the following activities:

- Customer service and bookings.
- Gym administration, bond refunds, daily takings
- HR and Payroll
- Management/Governance/Records
- Procurement
- Financial Management
- IT and Comms, Stationery
- Asset Management
- Software licensing
- Reporting
- Freight and Postage
- Consultancy
- Depreciation
- Superannuation

The revised estimate of allocation, should Council approve the Officer's recommendation to outsource the management to Respondent 2, is \$116,086 based on the anticipated reduced use of Shire Administration resources.

It is important to note that this is not a dollar saving since the overheads will still exist and will be allocated to other areas. Rather it is a demonstration of overhead cost allocation for the comparison of the RFP proposals. There is an expectation that this allocation of overheads may decrease in later years as less resources are called on from the Shire Administration and Management and overheads are re-distributed accordingly.

Forecast - Year 1 expenses	Shire of York current	Respondent 1	Respondent 1 Alt Offer	Respondent 2
NET PROFIT/(LOSS)	- 121,345	- 242,883	- 178,580	- 138,609
Provider's Management Fee	0	- 79,080	- 79,080	- 75,531
Fee for Management	- 121,345	- 321,963	- 257,660	- 214,140
Review of Shire Overheads still allocated to YRCC	- 198,650	- 116,086	- 116,086	- 116,086
Full budget allocation for YRCC – Shire Overheads and Management Fee	- 319,995	- 438,049	- 373,746	- 330,225

The net cost before overheads in the first year will increase from \$121,345 to \$214,140 if Council adopts the Officer's recommendation. The YRCC will consume less Shire Administration resources, allowing reallocation of time and effort to other projects and the quick wins in the first year detailed by Respondent 2, Officers believe give better value, improved user experience and better services.

What to expect Year 1 with The Y

Subject to continued negotiation, for the 2021/22 fee The Y WA would ensure business as usual at the YRCC (e.g. Maintaining the Bar and Restaurant operating hours) but also offer back-office support such as enhanced marketing and communications, community and youth services, safety and risk management while the transition happens. Considerable community engagement would be undertaken to finalise what the community would most like to see at the YRCC.

Quick wins for the Shire will include:

- Service operations and safety responsibility and risk shifts from the Shire to Y WA.
- Operational benchmarking aligned to other similar Y WA service operations.
- Operational systems and technology solutions to increase the user experience.
- Planned events to pilot space activation and new service exploration and opportunity (Youth and Seniors).
- Seeking external funding to support planned initiatives.
- Formal 3-month community engagement process established and completed informing future planning, service improvements and support to clubs and associations.
- Engagement with local health networks to address the community's health related issues; similar approach taken with local CCI and businesses.
- Strategies and tactics implemented to increase gym membership and at a reduced rate (utilisation of Fitness Australia to support recreation and gym development).
- Significant utilisation of local expertise to assist in the transition and subsequent development of the precinct.
- Coordinated engagement with clubs and associations to ensure optimised support and resources as well as development opportunities are realised (e.g. Grants, location, partnerships).
- A strategic vision and plan until 2026 to transform the Centre and precinct and engage the community, in alignment with the Shire's strategic aspirations for its town and surrounds.

Tavern Licence

Neither respondent made reference to the Tavern Licence. Both proposals discussed continuing the bar and restaurant service. The expectation is arrangements will be made to transfer the existing licence to the new management.