

CYC Shareholder Committee – 25th March 2021

Make It York – Managing Director’s Report

Background

The last year has been extremely difficult for MIY, as it has for millions of businesses across the country. MIY’s revenues have been decimated and, although we have reduced costs and cut all non-essential spend, they have not been sufficient to ensure the business’ commercial viability. This resulted in December’s request for a financial assistance package with was granted by CYC.

This further paper has been produced following the scheduled Shareholder Committee meeting held on 4th March. It provides an analysis of MIY’s current financial position, together with a range of forecasts for the coming five years. As requested at that meeting, it also includes more detail and commentary on the variables and assumptions behind the figures provided. Those numbers remain subject to a range of variables including the ongoing impact of COVID. They are also commercially sensitive and therefore confidential.

Among the assumptions adopted is that while 2021-2022 will be a year of recovery, it will not be decimated by COVID as the current year has been. The numbers for that year are however based on assumptions of reduced consumer confidence. The associated forecasts used with respect to revenues have been discussed in detail with MIY’s accountants who have sense-checked them against other clients’ forecasts, and they are considered realistic and relatively conservative. This said, achieving them will, to a significant extent, be dependent on wider factors around post-COVID economic recovery and, more locally, CYC policies and political appetites. Finally, in relation to the Financial Years ending in April 2024 and April 2025, for the purposes of this paper, we have used the same revenue projection figures as for 2023, with a small adjustment for inflation. No salary increases are assumed until Financial Year 2024-2025.

Beyond this, while recognising that the post-COVID world will be different in a number of respects, MIY was, and fully expects to be again, a fully going concern. With a new Service Level Agreement being negotiated with CYC, a lower cost base, a professionalized team, and a more refined role and priorities, MIY is in a strong position to “build back better”.

Cost reductions

MIY has taken advantage of the government’s furlough scheme this year and has reduced all non-essential spent to zero. MIY also took advantage of the government’s VAT and rates deferrals.

The MIY team has considered the scope to reduce property costs, however the costs of moving and fit out will not currently deliver a saving. This is being monitored over the coming months and may become an option as the city’s property market adjusts to a post-COVID world.

A number of staff departures, with the positions not being replaced, has reduced the salary cost.