

**Appendix A: Options Analysis Cost Modelling**  
**Option One Financial Model: Do Nothing (£5.25 Meal Price)**

	Current Year		2016/17		2017/18		2018/19	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>								
Mon-fri	£ 7,526	£ 391,365	£ 7,267	£ 377,884	£ 6,800	£ 353,600	£ 6,256	£ 325,312
Sat	£ 1,385	£ 71,994	£ 1,162	£ 60,424	£ 916	£ 47,632	£ 843	£ 43,821
Sun	£ 1,385	£ 71,994	£ 1,162	£ 60,424	£ 916	£ 47,632	£ 843	£ 43,821
<b>Total Income</b>	<b>£ 10,295</b>	<b>£ 535,353</b>	<b>£ 9,591</b>	<b>£ 498,732</b>	<b>£ 8,632</b>	<b>£ 448,864</b>	<b>£ 7,941</b>	<b>£ 412,955</b>
<b>Expenditure</b>								
<b>Labour</b>								
Mon-fri	£ 5,441	£ 282,942	£ 5,496	£ 285,772	£ 5,551	£ 288,629	£ 5,606	£ 291,516
Sat	£ 1,105	£ 57,460	£ 1,116	£ 58,034	£ 1,127	£ 58,615	£ 1,138	£ 59,201
Sun	£ 1,419	£ 73,766	£ 1,433	£ 74,504	£ 1,447	£ 75,248	£ 1,462	£ 76,001
<b>Total Expenditure</b>	<b>£ 7,965</b>	<b>£ 414,168</b>	<b>£ 8,044</b>	<b>£ 418,309</b>	<b>£ 8,125</b>	<b>£ 422,492</b>	<b>£ 8,206</b>	<b>£ 426,717</b>
<b>Food/Sundrie costs</b>								
Mon-Sun	£ 4,564	£ 237,328	£ 4,372	£ 227,359	£ 3,948	£ 205,311	£ 3,772	£ 196,143
<b>*Total Costs</b>	<b>£ 4,564</b>	<b>£ 237,328</b>	<b>£ 4,372</b>	<b>£ 227,359</b>	<b>£ 3,948</b>	<b>£ 205,311</b>	<b>£ 3,772</b>	<b>£ 196,143</b>
<b>P/L</b>	<b>-2,234</b>	<b>-116,143</b>	<b>-2,826</b>	<b>-146,937</b>	<b>-3,441</b>	<b>-178,940</b>	<b>-4,037</b>	<b>-209,905</b>

Assumptions:

Labour increased by 1% for cost of living per year.

Food cost reduced by 8% YOY in line with reduction in meal numbers.

## Option One Financial Model: Do Nothing (£6.50 Meal Price)

	Current Year		2016/17		2017/18		2018/19	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>								
Mon-fri	£ 7,526	£ 391,365	£ 7,386	£ 384,072	£ 6,795	£ 353,346	£ 6,252	£ 325,079
Sat	£ 1,385	£ 71,994	£ 1,358	£ 70,595	£ 1,249	£ 64,948	£ 1,149	£ 59,752
Sun	£ 1,385	£ 71,994	£ 1,358	£ 70,595	£ 1,249	£ 64,948	£ 1,149	£ 59,752
<b>Total Income</b>	<b>£ 10,295</b>	<b>£ 535,353</b>	<b>£ 10,101</b>	<b>£ 525,262</b>	<b>£ 9,293</b>	<b>£ 483,241</b>	<b>£ 8,550</b>	<b>£ 444,582</b>
<b>Expenditure</b>								
<b>Labour</b>								
Mon-fri	£ 5,441	£ 282,942	£ 5,496	£ 285,772	£ 5,551	£ 288,629	£ 5,606	£ 291,516
Sat	£ 1,105	£ 57,460	£ 1,116	£ 58,034	£ 1,127	£ 58,615	£ 1,138	£ 59,201
Sun	£ 1,419	£ 73,766	£ 1,433	£ 74,504	£ 1,447	£ 75,248	£ 1,462	£ 76,001
<b>Total Expenditure</b>	<b>£ 7,965</b>	<b>£ 414,168</b>	<b>£ 8,044</b>	<b>£ 418,309</b>	<b>£ 8,125</b>	<b>£ 422,492</b>	<b>£ 8,206</b>	<b>£ 426,717</b>
<b>Food/Sundrie costs</b>								
Mon-Sun	£ 4,564	£ 237,328	£ 4,372	£ 227,359	£ 3,948	£ 205,311	£ 3,772	£ 196,143
<b>*Total Costs</b>	<b>£ 4,564</b>	<b>£ 237,328</b>	<b>£ 4,372</b>	<b>£ 227,359</b>	<b>£ 3,948</b>	<b>£ 205,311</b>	<b>£ 3,772</b>	<b>£ 196,143</b>
<b>P/L</b>	<b>-2,234</b>	<b>-116,143</b>	<b>-2,316</b>	<b>-120,406</b>	<b>-2,780</b>	<b>-144,562</b>	<b>-3,428</b>	<b>-178,278</b>

*Labour increased by 1% for cost of living per year*

*Food cost reduced by 8% YOY in line with reduction in meal numbers*

*Price increase to £6.50 in 2016/17, and corresponding 20% drop in customers expected based on public consultation data.*

## Option 2A Financial Model: MTFS Savings – One Driver/Seven Day Delivery (£5.25 Meal Price)

	<b>Option 1</b>		<b>Option 2a</b>		<b>Option 2a Year 2</b>		<b>Option 2a year 3</b>		<b>Option 2a year 4</b>	
	<b>No change</b>		<b>1 driver (7 days a week)</b>		<b>1 driver (7 days a week)</b>		<b>1 driver (7 days a week)</b>		<b>1 driver (7 days a week)</b>	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>										
Mon-fri	£ 7,526	£ 391,365	£ 7,526	£ 391,365	£ 7,267	£ 377,884	£ 6,800	£ 353,600	£ 6,256	£ 325,312
Sat	£ 1,385	£ 71,994	£ 1,385	£ 71,994	£ 1,162	£ 60,424	£ 916	£ 47,632	£ 843	£ 43,821
Sun	£ 1,385	£ 71,994	£ 1,385	£ 71,994	£ 1,162	£ 60,424	£ 916	£ 47,632	£ 843	£ 43,821
<b>Total Income</b>	<b>£ 10,295</b>	<b>£ 535,353</b>	<b>£ 10,295</b>	<b>£ 535,353</b>	<b>£ 9,591</b>	<b>£ 498,732</b>	<b>£ 8,632</b>	<b>£ 448,864</b>	<b>£ 7,941</b>	<b>£ 412,955</b>
<b>Expenditure</b>										
<b>Labour</b>										
Mon-fri	£ 5,441	£ 282,942	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066
Sat	£ 1,105	£ 57,460	£ 657	£ 34,174	£ 657	£ 34,174	£ 657	£ 34,174	£ 657	£ 34,174
Sun	£ 1,419	£ 73,766	£ 822	£ 42,763	£ 822	£ 42,763	£ 822	£ 42,763	£ 822	£ 42,763
<b>Total Expenditure</b>	<b>£ 7,965</b>	<b>£ 414,168</b>	<b>£ 5,423</b>	<b>£ 282,003</b>	<b>£ 5,423</b>	<b>£ 282,003</b>	<b>£ 5,423</b>	<b>£ 282,003</b>	<b>£ 5,423</b>	<b>£ 282,003</b>
<b>Food/Sundrie costs</b>										
Mon-Sun	£ 4,564	£ 237,328	£ 4,564	£ 237,328	£ 4,372	£ 227,359	£ 3,948	£ 205,311	£ 3,772	£ 196,143
<b>*Total Costs</b>	<b>£ 4,564</b>	<b>£ 237,328</b>	<b>£ 4,564</b>	<b>£ 237,328</b>	<b>£ 4,372</b>	<b>£ 227,359</b>	<b>£ 3,948</b>	<b>£ 205,311</b>	<b>£ 3,772</b>	<b>£ 196,143</b>
<b>P/L</b>	<b>-2,234</b>	<b>-116,143</b>	<b>308</b>	<b>16,022</b>	<b>-204</b>	<b>-10,630</b>	<b>-739</b>	<b>-38,450</b>	<b>-1,254</b>	<b>-65,191</b>

\* Volumes for meals sold based upon current volumes but feedback from surveys reveal at least a 75% drop off on volumes for frozen meals due to capacity and capability

\*\*Due to the van lease contract not due to expire until 2018/19 there will still be transportation costs of approx.. £24,642 to end of July 2018.

**Option 2A Financial Model: MTFs Savings – One Driver/Five Day Delivery (£5.25 Meal Price) .**

	<b>Option 2b</b>		<b>Option 2b Year 2</b>		<b>Option 2b Year 3</b>		<b>Option 2b Year 4</b>	
	<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>								
Mon-fri	£ 7,526	£ 391,365	£ 7,267	£ 391,365	£ 6,800	£ 353,600	£ 6,256	£ 325,312
Sat/Sun	£ 925	£ 48,100	£ 851	£ 44,252	£ 783	£ 40,712	£ 720	£ 37,455
<b>Total Income</b>	<b>£ 8,451</b>	<b>£ 439,465</b>	<b>£ 8,118</b>	<b>£ 435,617</b>	<b>£ 7,583</b>	<b>£ 394,312</b>	<b>£ 6,976</b>	<b>£ 362,767</b>
<b>Expenditure</b>								
Labour								
Mon-fri	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066
<b>Total Expenditure</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>
<b>Food/Sundrie costs</b>								
Mon-fri	£ 3,470	£ 180,451	£ 3,193	£ 166,015	£ 2,937	£ 152,734	£ 2,702	£ 140,515
<b>*Total Costs</b>	<b>£ 3,470</b>	<b>£ 180,451</b>	<b>£ 3,193</b>	<b>£ 166,015</b>	<b>£ 2,937</b>	<b>£ 152,734</b>	<b>£ 2,702</b>	<b>£ 140,515</b>
<b>P/L</b>	<b>1,037</b>	<b>53,948</b>	<b>982</b>	<b>64,536</b>	<b>702</b>	<b>36,512</b>	<b>330</b>	<b>17,186</b>

\* Volumes for meals sold based upon current volumes but feedback from surveys reveal at least a 75% drop off on volumes for frozen meals due to capacity and capability Van lease contract not due to expire until 2018/19 there will still be transportation costs of approx. £24,642 to end of July 2018.

**Option 2B Financial Model: MTFs Savings – One Driver/Seven Day Delivery (£6.50 Meal Price)**

	<b>Option 1 No change</b>		<b>Option 2a 16/17 1 driver (7 days a week)</b>		<b>Option 2a Year 2 17/18 1 driver (7 days a week)</b>		<b>Option 2a year 3 18/19 1 driver (7 days a week)</b>		<b>Option 2a year 4 19/20 1 driver (7 days a week)</b>	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>										
Mon-fri	£ 7,526	£ 391,365	£ 7,386	£ 384,072	£ 6,795	£ 353,346	£ 6,252	£ 325,079	£ 5,751	£ 299,072
Sat	£ 1,385	£ 71,994	£ 1,358	£ 70,595	£ 1,249	£ 64,948	£ 1,149	£ 59,752	£ 1,057	£ 54,972
Sun	£ 1,385	£ 71,994	£ 1,358	£ 70,595	£ 1,249	£ 64,948	£ 1,149	£ 59,752	£ 1,057	£ 54,972
<b>Total Income</b>	<b>£ 10,295</b>	<b>£ 535,353</b>	<b>£ 10,101</b>	<b>£ 525,262</b>	<b>£ 9,293</b>	<b>£ 483,241</b>	<b>£ 8,550</b>	<b>£ 444,582</b>	<b>£ 7,866</b>	<b>£ 409,016</b>
<b>Expenditure</b>										
Labour										
Mon-fri	£ 5,441	£ 282,942	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066
Sat	£ 1,105	£ 57,460	£ 657	£ 34,174	£ 657	£ 34,174	£ 657	£ 34,174	£ 657	£ 34,174
Sun	£ 1,419	£ 73,766	£ 822	£ 42,763	£ 822	£ 42,763	£ 822	£ 42,763	£ 822	£ 42,763
<b>Total Expenditure</b>	<b>£ 7,965</b>	<b>£ 414,168</b>	<b>£ 5,423</b>	<b>£ 282,003</b>	<b>£ 5,423</b>	<b>£ 282,003</b>	<b>£ 5,423</b>	<b>£ 282,003</b>	<b>£ 5,423</b>	<b>£ 282,003</b>
<b>Food/Sundrie costs</b>										
Mon-Sun	£ 4,564	£ 237,328	£ 4,564	£ 237,328	£ 4,199	£ 218,342	£ 3,863	£ 200,874	£ 3,554	£ 184,804
<b>*Total Costs</b>	<b>£ 4,564</b>	<b>£ 237,328</b>	<b>£ 4,564</b>	<b>£ 237,328</b>	<b>£ 4,199</b>	<b>£ 218,342</b>	<b>£ 3,863</b>	<b>£ 200,874</b>	<b>£ 3,554</b>	<b>£ 184,804</b>
<b>P/L</b>	<b>-£2,234</b>	<b>-£116,143</b>	<b>£114</b>	<b>£5,931</b>	<b>-£329</b>	<b>-£17,103</b>	<b>-£736</b>	<b>-£38,295</b>	<b>-£1,111</b>	<b>-£57,792</b>

\* Volumes for meals sold based upon current volumes but feedback from surveys reveal at least a 75% drop off on volumes for frozen meals due to capacity and capability  
Van lease contract not due to expire until 2018/19 there will still be transportation costs of approx. £24,642 to end of July 2018.

## **Option 2B Financial Model: MTFs Savings – One Driver/Five Day Delivery (£6.50 Meal Price)**

	<b>Option 2b</b>		<b>Option 2b Year 2 16/17</b>		<b>Option 2b Year 3 17/18</b>		<b>Option 2b Year 4 18/19</b>		<b>Option 2b Year 5 19/20</b>	
	<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>		<b>* Mon-Fri Delivery Hot (1 driver) and Frozen Weekend meals</b>	
	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>										
Mon-fri	£ 7,526	£ 391,365	£ 7,386	£ 391,365	£ 6,795	£ 353,346	£ 6,252	£ 325,079	£ 5,751	£ 299,072
Weekend	£ 925	£ 48,100	£ 851	£ 44,252	£ 783	£ 40,712	£ 720	£ 37,455	£ 663	£ 34,459
<b>Total Income</b>	<b>£ 8,451</b>	<b>£ 439,465</b>	<b>£ 8,237</b>	<b>£ 435,617</b>	<b>£ 7,578</b>	<b>£ 394,058</b>	<b>£ 6,972</b>	<b>£ 362,533</b>	<b>£ 6,414</b>	<b>£ 333,531</b>
<b>Expenditure</b>										
Labour										
Mon-fri	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066	£ 3,944	£ 205,066
<b>Total Expenditure</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>	<b>£ 3,944</b>	<b>£ 205,066</b>
<b>Food/Sundrie costs</b>										
Mon-fri	£ 3,270	£ 170,020	£ 3,008	£ 156,418	£ 2,767	£ 143,905	£ 2,546	£ 132,393	£ 2,342	£ 121,801
<b>*Total Costs</b>	<b>£ 3,270</b>	<b>£ 170,020</b>	<b>£ 3,008</b>	<b>£ 156,418</b>	<b>£ 2,767</b>	<b>£ 143,905</b>	<b>£ 2,546</b>	<b>£ 132,393</b>	<b>£ 2,342</b>	<b>£ 121,801</b>
<b>P/L</b>	<b>£ 1,238</b>	<b>£ 64,379</b>	<b>£ 1,285</b>	<b>£ 74,133</b>	<b>£ 867</b>	<b>£ 45,087</b>	<b>£ 482</b>	<b>£ 25,075</b>	<b>£ 128</b>	<b>£ 6,664</b>

\* Volumes for meals sold based upon current volumes but feedback from surveys reveal at least a 75% drop off on volumes for frozen meals due to capacity and capability Van lease contract not due to expire until 2018/19 there will still be transportation costs of approx. £24,642 to end of July 2018.

**Option 4 Financial Model: Frozen Delivery.**

	Mon-Fri Delivery and Frozen meals only		Year 2		Year 3	
	Weekly	Annual	Weekly	Annual	Weekly	Annual
<b>Income</b>						
Mon-Friday	£ 2,778	£ 144,444	£ 2,556	£ 132,889	£ 2,351	£ 122,258
<b>Total Income</b>	<b>£ 2,778</b>	<b>£ 144,444</b>	<b>£ 2,556</b>	<b>£ 132,889</b>	<b>£ 2,351</b>	<b>£ 122,258</b>
<b>Labour</b>						
Mon-Friday	£ 2,292	£119,208.96	£ 2,292	£119,208.96	£ 2,292	£119,208.96
<b>Total Expenditure</b>	<b>£ 2,292</b>	<b>£ 119,209</b>	<b>£ 2,292</b>	<b>£ 119,209</b>	<b>£ 2,292</b>	<b>£ 119,209</b>
<b>*Food/Sundrie</b>						
Mon-Friday	£3,504.45	£ 182,231	£3,414.36	£ 177,547	£ 3,331	£ 173,237
<b>*Total Costs</b>	<b>£ 3,504</b>	<b>£ 182,231</b>	<b>£3,414.36</b>	<b>£177,546.72</b>	<b>£ 3,331</b>	<b>£ 173,237</b>
<b>P/L</b>	<b>-3,019</b>	<b>-156,996</b>	<b>-3,151</b>	<b>-163,867</b>	<b>-3,273</b>	<b>-170,188</b>

2 Vans and 2 Drivers structure in place,

Based upon research it is believed that our customer base would drop by 65% due to either lack of Freezer space, Microwave or capability to re-heat food themselves

YOY decrease in volumes of 8% incorporated into Year 2 & 3

No increase on frozen meal tariff as any increase would make us uncompetitive against other service providers