Launton Lines. Costs and income: history and some future ideas

Set out below (and in the attached excel workbook) is a record of costs and income for *Launton Lines*. Costs are from August 2021 (when we moved to our current printers) and income based on the calendar year of 2022.

Cost changes

(see attached excel spreadsheet of print costs since we moved to Lonsdale for the August 2021 issue)

We have increased the print run from 620 to 650 as Launton Mews has filled up.

We expect to have to increase the print run to 680 when Launton Mews is complete by Spring 2023. On current costs this will increase our print costs to about £500 per issue.

The unit cost of copies was 57p in August 2021.This increased to 73p a copy for the October 2022 issue. This represents an increase of nearly 30%.

Our absolute print costs have increased from £351 for 08/21 to £475 for 10/22, or an increase of £124 or 35%.

We also use an online financial package (Xero) to manage finances. This is based on a monthly subscription that has increased from £26.70 to £31.20 - an increase of 17%. Annual cost for 2022 of Xero is forecast to be £375.

We forecast that our total print costs for 2022 will be about £5,700 (we expect to have more colour pages in the lead up to Christmas).

In addition to the print and Xero costs we also have annual postage costs of about £150, printer cartridge costs of £90, software support costs of £150, and collection/delivery costs of £120.

On this basis the total costs for Launton Lines in 2022 were £6,585. We can use this base figure to make forecasts on inflation in costs for 2023: it would be prudent to allow for 12%, and given that much of the print costs are based on the cost of paper (which is very volatile) perhaps more realistic to allow 15%. This will bring total costs to £7,360 (+12%) or £7,550 (+15%)

Income changes

Our advertising has held up well over 2022, but we will need to wait and see what the renewal rate is like for 2023: we expect advertising income to drop as the cost of living crisis starts biting - but it may be that current advertisers will want to continue to secure the future of their businesses through advertising. Advertising in issues in 2022 shows a total of £6,447.00.

We have been quite successful in getting in payment from advertisers, and expect to have a 100% success rate for 2022.

We have seen some advertisers cease trading in 2022. We expect that this pattern may continue (and perhaps increase) for 2023.

As a part of our planning to retain advertisers for 2023 we plan to offer a discount to advertisers who commit for between 4 and 12 adverts in a year. This will encourage advertisers to book in blocks, and will enable us to issue fewer invoices and secure payment at the start of each booking period.

We are also looking at what we charge for advertising, but we are very aware of pressures on small and local businesses, and we would like to hold our current basic rates.

It would be prudent to expect that in 2023 we will lose 10% of our advertising revenue, and if we implement our proposed discount arrangements, we may forgo a further 5% of income. This could reduce our advertising income to about £5,500

Overall financial situation

We have had to reduce our capital balance over the past 18 months. In principle we plan to hold a balance that would allow us to cover printing costs for a six-month period, so want to have a rolling balance of about £2,500 to cover this for the future.

Based on the above assumptions the gap between our advertising income (£5,500) and running costs (£7,550) is £2050. If this is to be covered by grant income it represents a monthly grant of £170.

I also propose that we set a maximum extent of 48 pages for future issues and a maximum of colour pages of 20. This will control - to some extent - the basis for production costs.

Robert Cornford | 14 October 2022