



South Ribble Borough Council
South Ribble Wellness Hub – Leisure Centre
Feasibility Study

July 2019



CONTENTS

1. Executive Summary	4
2. Introduction.....	12
3. Context Summary	14
4. Facility Mix	24
5. Business Plan	25
6. Investment Summary.....	37
7. Summary	40
Appendix 1 – Context & Insight Report.....	41
Appendix 2 – Competition Analysis	42
Appendix 3 – Sport England Facilities Planning Model Reports	43
Appendix 4 – Fitness Latent Demand Report	44
Appendix 5 – Social Value Strategy.....	46
 Figure 1 – PHE Health benefits of physical activity	15
Figure 2 - Key Local Strategic Plans.....	16
Figure 3 – Mosaic Groups – Aspiring Homemakers and Suburban Stability.....	23
 Table 1 - Cost of Leyland Leisure Centre to South Ribble Council	4
Table 2 - Leyland Leisure Centre PAISA Spend	4
Table 3 - Facility Mix Options.....	6
Table 4 - Income and Expenditure Summary – Core Facilities	7
Table 5 - Income and Expenditure Summary – Core + Variant Facilities.....	8
Table 6 – Improvement in Revenue Position	9
Table 7 – Borrowing Cost and requirements of Additional Borrowing	10
Table 8 - Cost of Leyland Leisure Centre to South Ribble Council	13
Table 9 - Traditional Leisure Competition Summary	20
Table 10 - Commercial Leisure Competition Summary	21
Table 11 - Sport & Physical Activity - Proposed Facility Mix	24
Table 12 - Opening Hours	26
Table 13 - Income and Expenditure Summary – Core Facilities	27
Table 14 - Income and Expenditure Summary – Core + Variant Facilities.....	28
Table 15 - Usage Summary – Core Facility Mix	29
Table 16 - Usage Summary – Core + Variant Facility Mix.....	29
Table 17 - Income Assumptions	29
Table 18 - Staff Full Time Equivalents – Core Facilities	32
Table 19 - Variant Facilities Additional Staffing Requirements.....	33
Table 20 - Expenditure Assumptions	33
Table 21 - Sensitivity Analysis – Core Facility Mix.....	34
Table 22 - Sensitivity Analysis – Core + Variant Facility Mix	35
Table 23 - KPIs for New Centre – Core Facility Mix	35
Table 24 - KPIs for New Centre – Core + Variant Facility Mix.....	36
Table 25 - Investment Summary - Payback.....	37

Table 7 – Borrowing Cost and requirements of Additional Borrowing	38
Table 26 – Improvement in Revenue Position	40

Version No.	Date	Comment	Completed by
1	13/5/19	Draft for BP stage, excludes consultation stage	NS/KW
2	31/5/19	Updated Structure	KW
3	7/6/19	Updated following further detailed feedback	KW
4	1/7/19	Slight changes following feedback, prior to Council presentation	KW

DRAFT

1. Executive Summary

- 1.1. In late 2018, Faithful & Gould was appointed by South Ribble Borough Council (SRBC) to create a Masterplan for a new Community Campus. As part of a new Wellness Hub strategy the site is to provide the residents with a state-of-the-art Leisure building which will ensure long-term future health and well-being benefits.
- 1.2. Max Associates has been commissioned by SPACE & PLACE, the architects for the Wellness Hub, to develop a feasibility study and business plan for the new leisure centre, which will form part of the South Ribble Wellness Hub.
- 1.3. The new leisure centre will replace the existing Leyland Leisure Centre, which is operated by South Ribble Community Leisure Trust on behalf of the Council. South Ribble Community Trust was established in 2005. The operational costs for Leyland Leisure Centre to South Ribble Borough Council are set out in the table below.

Table 1 - Cost of Leyland Leisure Centre to South Ribble Council

Revenue Cost of Leyland Leisure Centre*	2018/19
Leisure Services Fee	£78,453
Contract Payment - Repairs and Maintenance	£60,835
Procurement - Repairs & Maintenance	£3,437
TOTAL	£142,725

*This excludes capital financing costs

- 1.4. Leyland Leisure Centre was built in 1975 and is now 45 years old, consequently it is approaching the end of its design life and is not up to modern efficiency standards.
- 1.5. Significant investment was made in all leisure facilities in the early stages of contract through PAISA between 2005 and 2009, across the contract the total investment was £1.7 million.
- 1.6. The table below outlines the latest PAISA capital spend on Leyland Leisure Centre. The total PAISA capital spend across the leisure portfolio to date is £3.8 million.

Table 2 - Leyland Leisure Centre PAISA Spend

Year	Type	Total Spend
2017/18	Equipment	£8,690
2016/17	Equipment	£189,250
2012/13	Refurbishment	£110,258
2012/13	Equipment	£140,450
2010/11	Unknown	£117,351
TOTAL		£565,999

- 1.7. All of the existing leisure stock dating from 1974-82 is ageing and will require increasing and often significant investment to keep open. Wet side plant room failures pose the greatest risk of catastrophic failures rendering the facility out of action or requiring significant remedial costs.

1.8. If Leyland Leisure Centre is not replaced then there will be an immediate ongoing annual lifecycle cost to retain the centre in its current condition, an indicative figure for this cost is £270k per annum, however this figure is subject to the findings of the condition survey.

1.9. Prior to completing this business case the following steps have taken place:

- **2015** - New Leisure facility concept development went before cabinet.
- **2016/17** - Various concept iterations considered by development team and cabinet
 - one supersite, Heatherleigh, Cuerden – Campus concept, One Public Estate (OPE).
- **2017** - The current brief to develop a Health and wellbeing campus first went to cabinet in July 2017.
- **Jan 2018** – Cabinet report sets out investment program for a new leisure facility, green links and sports pitch hub. Investment program budget for new facility was £15 Million, linked to the Medium Term Financial Strategy (MTFS).

1.10. Context to the Feasibility Study

1.10.1. To inform the facility mix and business plan projections Max Associates has completed a comprehensive review of the local and national context to ensure that the new centre will meet local needs and demand as well as wider strategic objectives. This review includes:

- An overview of national strategies and physical activity participation rates;
- Review of local strategies and plans and the key outcomes that a new leisure centre can contribute towards;
- Analysis of the local population and catchment area, including sports and physical activity participation rates;
- A competition analysis to understand the other leisure provision, both traditional and commercial, is in the catchment area; and
- A latent demand report for fitness, including a mosaic report, to understand the membership potential for the new centre.

1.10.2. Full findings of the context review are provided in section 3 of this report and **Appendix 1.**

1.11. Facility Mix

1.11.1. The facility mix has been developed based on a review of the current leisure centre, demographic analysis, fitness latent demand assessment and competition analysis. The Council has progressed the following core and variant options for the facility mix.

Table 3 - Facility Mix Options

Core Facility Mix	Additional Variant Facilities
Main Pool – 25 x 17m	Soft Play
Learner Pool – 10 x 13m	
4 court sports hall	Splash Pad
Multi-purpose Room (60m2)	Enhanced Café Space
Fitness Suite - 120 Stations	
2 x studios	
Spin Studio	
Toning/Wellbeing suite	
2 x Start up space (full time leased consultant/treatment rooms)	
Cafe	

1.12. Business Plan Projections

- 1.12.1. The projected revenue position of the centre and for the Council, for the two facility mix options, are shown in the tables overleaf. It can be seen that the new centre is projected to operate at a surplus in both options and as such it is expected that the operator will pay a Leisure Services Fee **to** the Council.
- 1.12.2. Full business plan assumptions are contained in section 5 of this report.
- 1.12.3. In the business plans both the income and expenditure projections have been developed from a base position using knowledge of the current performance of the existing leisure centre, current prices and Max Associates database of information collated from numerous facilities across the UK. The projections have then been tested against Sport England National Benchmarks, assessed against comparable facilities and a sensitivity analysis has been undertaken.
- 1.12.4. Fitness membership projections have been developed using a Latent Demand Report, produced by the Leisure Database Company. Leisure Database use a widely accepted method of calculating membership projections and are the main provider of these reports in the leisure sector.
- 1.12.5. The business plans below currently exclude an ongoing lifecycle fund that will be needed after the first ten years, this lifecycle fund will be for the replacement of key plant and build elements, such as boilers. Little capital outlay is expected for the first five to ten years. After this period it is estimated that an average annual cost for the lifecycle fund would be in the region of £270k per annum. A detailed, fully costed, lifecycle plan will need to be developed once the detailed design and fit out specification is complete.

Table 4 - Income and Expenditure Summary – Core Facilities

SUMMARY	2017	2018	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME							
Health & Fitness	505,178	560,170	843,820	947,007	971,536	972,155	972,489
Toning		42,508	73,652	83,559	84,865	85,571	
Swimming	519,911	546,377	654,852	697,282	697,282	697,282	697,282
Dryside	52,754	48,808	93,954	93,954	93,954	93,954	93,954
Secondary	17,775	14,828	196,805	212,630	217,796	218,007	218,121
Miscellaneous	23,889	17,022	15,425	15,425	15,425	15,425	15,425
TOTAL INCOME	1,119,507	1,187,205	1,847,365	2,039,951	2,079,553	2,081,688	2,082,842
EXPENDITURE							
Salaries	633,109	683,021	935,625	935,625	935,625	935,625	935,625
Utilities	106,417	128,071	128,740	132,602	136,580	140,678	144,898
NNDR		0	0	0	0	0	0
Insurance	14,962	14,659	23,795	23,795	23,795	23,795	23,795
Lifecycle		0	0	0	0	0	0
Repairs & Maintenance		0	0	0	0	0	0
Grounds Maintenance		0	0	0	0	0	0
Cleaning	25,417	22,987	25,748	25,748	25,748	25,748	25,748
Equipment		30,898	30,898	30,898	30,898	30,898	30,898
Other Supplies	24,977	27,982	27,710	30,599	31,193	31,225	31,243
Advertising & Marketing	11,830	18,037	44,447	40,799	41,591	41,634	41,657
Communications		46,184	50,999	51,989	52,042	52,071	
Other Administration	10,227	19,673	9,356	9,356	9,356	9,356	9,356
Costs of Sales	25,084	18,904	94,467	102,063	104,542	104,643	104,698
Capital Costs		0	0	0	0	0	0
Central Costs		82,265	92,368	101,998	103,978	104,084	104,142
Surplus		92,368	101,998	103,978	104,084	104,142	
Risk / Contingency		0	0	0	0	0	0
Irrecoverable VAT	26,427	18,128	60,388	62,560	63,797	64,403	65,011
TOTAL EXPENDITURE	878,450	1,033,727	1,612,095	1,649,039	1,663,069	1,668,215	1,673,283
SURPLUS / DEFICIT	241,057	153,478	235,270	390,912	416,484	413,473	409,559
South Ribble Borough Council Costs							
Repairs & Maintenance							
Contract Payment		-64,272	-87,543	-87,543	-87,543	-87,543	-87,543
Leisure Services Fee		-78,453	235,270	390,912	416,484	413,473	409,559
TOTAL COST TO SRBC	-142,725	147,727	303,369	328,941	325,930	322,016	

Table 5 - Income and Expenditure Summary – Core + Variant Facilities

SUMMARY	2017	2018	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME							
Health & Fitness	505,178	560,170	843,820	947,007	971,536	972,155	972,489
Toning			42,508	73,652	83,559	84,865	85,571
Swimming	519,911	546,377	687,265	729,694	729,694	729,694	729,694
Dryside	52,754	48,808	93,954	93,954	93,954	93,954	93,954
Soft Play			123,338	112,125	112,125	112,125	112,125
Secondary	17,775	14,828	252,338	263,330	268,495	268,706	268,820
Miscellaneous	23,889	17,022	15,425	15,425	15,425	15,425	15,425
TOTAL INCOME	1,119,507	1,187,205	2,058,647	2,235,187	2,274,790	2,276,925	2,278,078
EXPENDITURE							
Salaries	633,109	683,021	966,515	966,515	966,515	966,515	966,515
Utilities	106,417	128,071	145,690	150,061	154,563	159,199	163,975
NNDR			0	0	0	0	0
Insurance	14,962	14,659	26,549	26,549	26,549	26,549	26,549
Lifecycle				0	0	0	0
Repairs & Maintenance			0	0	0	0	0
Grounds Maintenance			0	0	0	0	0
Cleaning	25,417	22,987	29,138	29,138	29,138	29,138	29,138
Equipment			34,966	34,966	34,966	34,966	34,966
Other Supplies	24,977	27,982	30,880	33,528	34,122	34,154	34,171
Advertising & Marketing	11,830	18,037	48,673	44,704	45,496	45,538	45,562
Communications			51,466	55,880	56,870	56,923	56,952
Other Administration	10,227	19,673	9,665	9,665	9,665	9,665	9,665
Costs of Sales	25,084	18,904	121,122	126,398	128,878	128,979	129,034
Capital Costs			0	0	0	0	0
Central Costs		82,265	102,932	111,759	113,739	113,846	113,904
Surplus			102,932	111,759	113,739	113,846	113,904
Risk / Contingency			0	0	0	0	0
Irrecoverable VAT	26,427	18,128	69,741	71,524	72,834	73,516	74,202
TOTAL EXPENDITURE	878,450	1,033,727	1,740,269	1,772,446	1,787,073	1,792,834	1,798,535
SURPLUS / DEFICIT	241,057	153,478	318,378	462,742	487,716	484,090	479,543

South Ribble Borough Council Costs	2017	2018	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Repairs & Maintenance			-64,272	-99,069	-99,069	-99,069	-99,069
Contract Payment			-78,453	318,378	462,742	487,716	484,090
Leisure Services Fee			-142,725	219,309	363,673	388,647	385,021
TOTAL COST TO SRBC							380,474

1.13. Summary

1.13.1. The business plans developed illustrate that both the core facility mix and variant facility mix are able to operate in a surplus position, removing the requirement for ongoing subsidy. The projected surpluses and savings to the Council are set out in the table below, note this excludes the cost of capital.

Table 6 – Improvement in Revenue Position

Current Cost to SRBC	Core Facility Mix Surplus/Leisure Services Fee Payable to SRBC (Yr 5)	Maintenance Cost to SRBC	Total Improvement to SRBC
£142,725	£409,559	£87,543	£464,741

Current Cost to SRBC	Core + Variant Facility Mix Surplus/Leisure Services Fee Payable to SRBC (Yr 5)	Maintenance Cost to SRBC	Total Improvement to SRBC
£142,725	£479,543	£99,069	£523,199

1.13.2. The table overleaf outlines the forecast borrowing cost, the potential surplus the centre could achieve and the budget shortfall in surplus against borrowing costs.

Table 7 – Borrowing Cost and requirements of Additional Borrowing

Option		Forecast Capital Expenditure	Forecast	Forecast	Budgeted	Increased	Feasibility Study			Budgeted	(Surplus)/	Forecast Budget	Surplus required
			Annual Borrowing cost	Borrowing Costs (22/23)	Borrowing Costs	Costs	Current cost savings	Surplus (Year 5)	=Net savings + surplus	savings target (22/23 budget)	Shortfall vs target	Shortfall	*see notes below
			£m	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
a	Core Facility Mix	23.8	836	732	104		(143)	(322)	(465)	(500)	35	139	(461)
b	Core + Variant Facility Mix	26.5	933	732	201		(143)	(380)	(523)	(500)	(23)	178	(558)
Net impact of Variant Facility Mix		2.7	97	0	97		0	(58)	(58)	0	(58)	39	(97)
Increased cost/(reduced cost)													

1.13.3. The key assumptions in relation to Table 7 are outlined below:

- This net cost includes a provision for annual repair and maintenance but excludes future capital investment in the facility, in terms of major refurbishment and renewal of plant and equipment. With regard to a new facility, it is unlikely that any capital investment would be required for the first 5-10 years but budget provision would need to be made in the long-term budget plans for lifecycle investment and replacement costs.
- Forecast annual borrowing costs are calculated based on borrowing the full amount and repaying over 50 years based on current PWLB rates.
- The business plan includes assumptions in relation to irrecoverable VAT in relation to the annual running costs. Specialist advice will need to be taken to determine if there is any potential irrecoverable VAT on the build costs if so to and explore ways to minimise the cost.
- The forecast net surplus is based on a set of assumptions as set out in detail in the feasibility study and will therefore fluctuate due to various key factors which will impact such as; demand, inflation, and what service delivery model is adopted.
- With regard to Affordability there may be scope for utilising some existing cash resources to part-fund this investment which could provide an interest cost saving, however this would need to be considered for approval by full Council as part of the Council's overall Annual Treasury and Investment Strategy. Officers could also explore other options including: investigating alternative sources of Council funding (Capital receipts etc.), 106 funding, CIL funding, external funding to reduce the borrowing costs; and/or : investigate closing a second swimming pool in South Ribble along with Leyland to improve the affordability of the proposed new Leisure Centre.

- The current Leisure Centre facility in Leyland is 45 years old and would require significant capital investment to continue to operate. These costs are subject to the completion of a full stock condition survey.
- Forecast capital receipt from current Leyland site – The Market Value (MV) of the Property on the Special Assumptions of Vacant Possession and that existing buildings have been demolished with site cleared ready for redevelopment has been valued at £700,000.

DRAFT

2. Introduction

- 2.1. In late 2018, Faithful & Gould was appointed by South Ribble Borough Council to create a Masterplan for a new Community Campus. As part of a new Wellness Hub strategy the site is to provide the residents with a state-of-the-art Leisure building which will ensure long-term future health and well-being benefits.
- 2.2. The new Health and Wellbeing Campus in Leyland forms part of a wider development plan known as Green Links. The objective is to create interconnected Green Links as part of a wider programme bringing together neighbourhoods across South Ribble, enabling sustainable travel options, extensive walking and cycling routes and improved play facilities. The Green Links across the borough will underpin all potential improvements in the future and are at the heart of the councils wellbeing agenda.



- 2.3. Max Associates has been commissioned by SPACE & PLACE to develop a feasibility study and business plan for the new leisure centre as part of the South Ribble Wellness Hub.
- 2.4. The new leisure centre will replace the existing Leyland Leisure Centre, which is operated by South Ribble Community Leisure Trust on behalf of the Council. South Ribble Community Trust was established in 2005. The costs for Leyland Leisure Centre to South Ribble Borough Council are set out in the table overleaf.

Table 8 - Cost of Leyland Leisure Centre to South Ribble Council

Revenue Cost of Leyland Leisure Centre*	2018/19
Leisure Services Fee	£78,453
Contract Payment - Repairs and Maintenance	£60,835
Procurement - Repairs & Maintenance	£3,437
TOTAL	£142,725

*This excludes capital financing costs

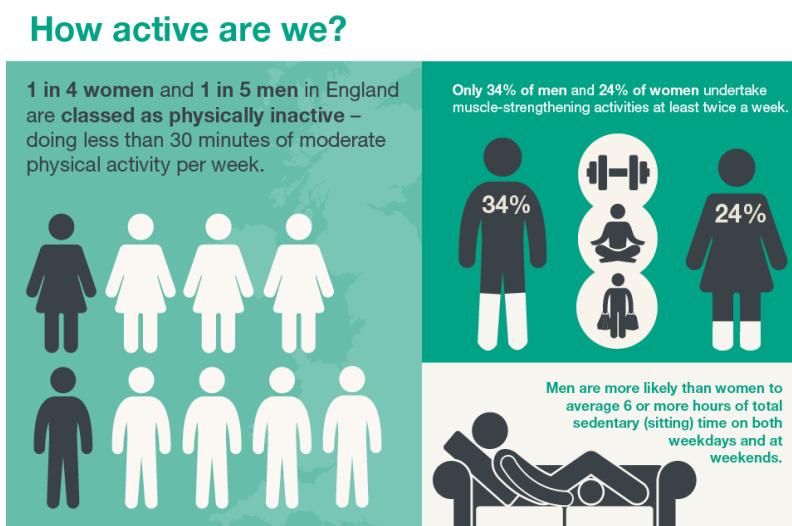
DRAFT

3. Context Summary

- 3.1. Contained in **Appendix 1** is a detailed report on the national and local strategic objectives and priorities as well as a full demographic review of Leyland and the catchment of the new centre. A Competition Analysis is contained in **Appendix 2**. A summary of the core findings is presented below.

3.2. National Priorities

- 3.2.1. There is a wide gap between the recommended levels of activity and what the nation is actually achieving. In response to this, DCMS and Sport England have developed their own sports strategies and investment programmes to positively impact the levels of activity across England, with particular focus on the inactive.



3.2.2. DCMS Sporting Future: A new strategy for an Active Nation (December 2015)

- 3.2.3. This is a cross party strategy which aims to tackle the high levels of inactivity in the country. The five key outcomes it aims to achieve are:

- Physical wellbeing
- Mental wellbeing
- Individual development
- Social & community development
- Economic Development

3.2.4. Sport England: Towards an Active Nation Strategy 2016 – 2026

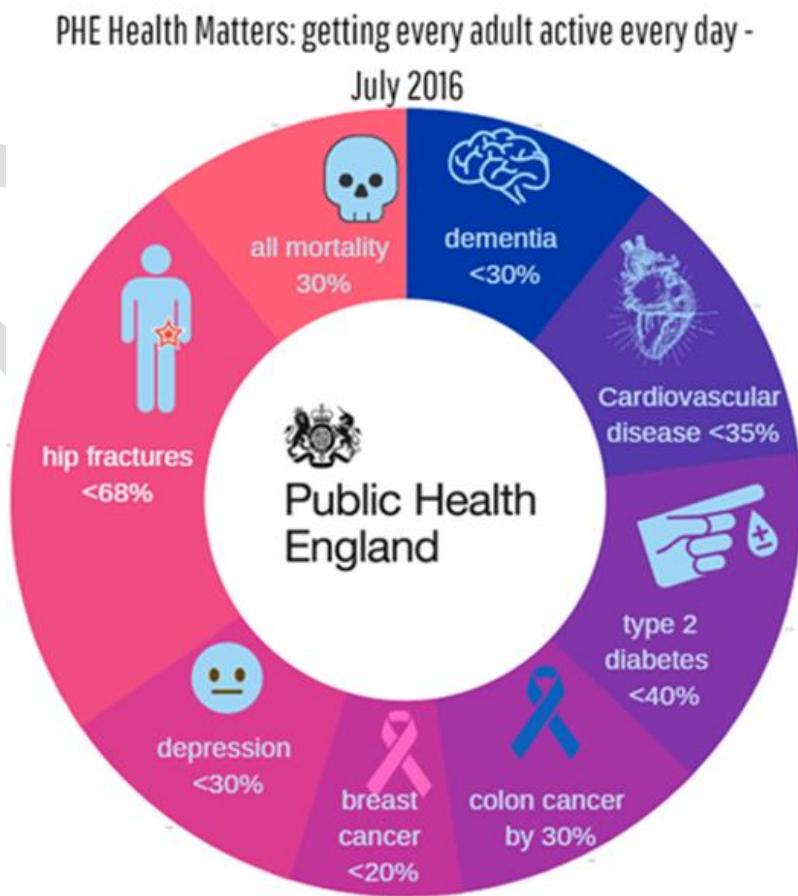
- 3.2.5. Sport England's strategy has been developed to deliver against the five health, social and economic outcomes set out in the Government's strategy. It sets out seven investment programmes to help achieve the outcomes, which include:

- **Tackling inactivity** – to help the 28 per cent of people in England who don't do any sport or physical activity.
- **Children and young people** – to work with children from the age of 5 to increase children's basic competence and enjoyment.
- **Volunteering** – focusing on the motivations and needs of the volunteers so that volunteering in sport attracts more people from a wider range of backgrounds.
- **Taking sport and activity into the mass market** – focusing on the sports and activities that have mass appeal and can get large numbers of people active.
- **Supporting sport's core markets (including talented athletes)** – supporting those who already have a strong affinity for sport in a more efficient and sustainable way.
- **Local delivery** – exploring new ways of working locally by investing in up to 10 specific areas to pilot new, more joined up approaches to getting people active.
- **Creating welcoming sports facilities** – with a new Community Asset Fund, and continuing its successful Strategic Facilities Fund, prioritising multi-sport facilities and, wherever possible, co-locating them with other local services.

3.2.6. Public Health England (PHE - Health Matters: getting every adult active every day – Published July 2016)

3.2.7. The guidance sets out PHE's summary and recommendations for increasing physical activity and the health benefits of this increase.

Figure 1 – PHE Health benefits of physical activity



3.2.8. There are opportunities for future facility and services to help meet the following national outcomes and objectives:

- Improving the active infrastructure by changing the use of an underutilised space;
- Developing physical confidence and competence from the earliest age by providing opportunities for children of all ages to be active through play;
- Encourage and enable the inactive to be more active, by introducing new activities aimed at fun and recreation rather than just traditional sport; and,
- Supporting wellbeing and resilience in communities through physical activity and sport – increasing participation in physical activity will contribute to improved health and wellbeing.

3.3. South Ribble Council Strategic Priorities

3.3.1. The figure below illustrates the key strategic documents and plans from South Ribble Borough Council, where leisure services have a role to play and contribute towards the outcomes.

Figure 2 - Key Local Strategic Plans



3.3.2. Some of the key priorities and outcomes from these strategies that are relevant to the leisure services are:

- Providing adequate, affordable opportunities for residents to take part in physical activity.
- Allowing residents to lead active and healthy lifestyles.
- Achieving a healthy life expectancy rate that is above the national average.
- Improve the health and wellbeing of all residents and reduce the health inequalities that affect deprived areas of the borough.
- Improving access to health care, sport and recreation, open green spaces, and community facilities and services, including access to healthy food.
- Increase leisure opportunities for young people.
- Reducing the cost of health and social care.
- Improving the levels of healthy life expectancy across the county by intervening earlier with new and innovative ways to support active ageing and prevent loneliness, ill health and disability among older people.
- Increased satisfaction with sports and leisure facilities in the Borough.

3.4. Demographic Overview

3.4.1. The key findings regarding the demographic profile of South Ribble at the catchment area for the new leisure centre are set out below:

- South Ribble is an authority in Central Lancashire that covers 113 square kilometres, and has 23 wards following a recent boundary review, and the number of people per km² is more than twice the England and Wales average.
- The population, at the 2011 Census, was 109,057 and is predicted to rise to 110,857 by 2020 and 111,994 by 2030.
- Leyland is close to junction 28 of the M6, approximately six miles (10 km) south of the city of Preston.
- South Ribble has a higher proportion of the population that are inactive in more recent years and residents being ‘active’ have decreased since 2015, whereas, they have increased both at national and regional levels.
- South Ribble has seen a decrease in the last 12 months of active residents with 61.6% active compared to 63.8% in November 2015-16.
- In South Ribble nearly 40% of children take part in less than 30-minutes of activity a day.
- The health of people in South Ribble is varied compared with the England average. About 11% (2,100) of children live in low income families.
- Life expectancy is 5.7 years lower for men and 6.3 years lower for women in the most deprived areas of South Ribble than in the least deprived areas which is similar to the England average.
- 29.5% of pensioners in South Ribble live alone and this is higher in the wards closest to Leyland Leisure Centre
- In Year 6, 16.1% (189) of children are classified as obese
- The Seven Stars Ward to the south west of the site is noted to have an Income Deprivation Affecting children index score which is 171% higher than the English average.
- The ethnic population of South Ribble is 5.2%, compared to 13.6% for England¹.

¹ South Ribble local authority health profile 2018

- The over 65s population of South Ribble is 20.6% which is higher than the England average of 13.6%

3.5. Green Links Consultations

3.5.1. Consultation as part of the Green Links project was undertaken in March/April 2019, a summary of the key findings, which are relevant to the leisure services are detailed below.

- 62% of respondents are satisfied with sports and leisure services.
- 38% of respondents live in the Leyland area.
- 27% of the respondents either do not use leisure facilities or use alternatives other than those provided by the Council.
- A general finding across the consultation was that current leisure facilities are out of date and need improving/modernising. However, it is important to keep access local and they are valued facilities for the community
- When asked how satisfied they were with the Council's facilities, for Leyland Leisure centre, 22% were very or fairly satisfied. However, those who are neither satisfied or dissatisfied, fairly dissatisfied or very dissatisfied accounted for 25% of the responses which correlates to the feedback from the workshops and roadshows where people indicated the Council's facilities need improving.
- When asked about the different types of facilities that are important to them respondents did diverge away from the standard core offer of gym, pool and fitness classes. Whilst still very important, respondents also indicated that in the category of 'very important' and 'important' the following facilities scored above 50%:
 - Car Parking
 - Relaxation and Wellness
 - Access to information and advice
 - Access to health related services
 - Place to meet with friends
- These responses indicate that diversification of a leisure centre to a campus is desirable to meet the needs of users and widening out usage for general wellness as well as access to services and support.
- There is a desire to provide activities for young and teenage children. This was predominately in the Leyland workshop.

3.6. Sport England Facilities Planning Model

3.6.1. A summary of the sports hall and swimming pool provision in the borough is outlined in the following paragraphs, the full reports are contained in **Appendix 3**.

3.6.2. Sports Halls

- There are 18 individual sports halls located on 11 sites across South Ribble in 2018. **The total supply of sports halls in badminton courts, is 65 courts, of which 38 are available in the weekly peak period for community use** (known as the effective supply).
- Eight of the 11 sports hall sites are owned by educational institutions, schools and colleges. The education sports halls will have variable hours of access for community use, outside of education use.

- The scale of the sports halls is very good with ten of the twelve main halls being 4 badminton court size.
- Overall it is an extensive supply of sports halls, in terms of number and scale. Albeit, the average age of the stock is quite old at 32 years, and no new sports halls have opened since 2006.
- Based on a measure of **number of badminton courts available for community use, per 10,000 population, South Ribble has 5.9 badminton courts**. The NW Region average is 4.5 badminton courts per 10,000 population and for England wide it is 4.2 courts per 10,000 population in 2018.
- The resident population of South Ribble, generates a demand for 30.5 badminton courts in the weekly peak period. This compares to a supply of 38.9 badminton courts which are available for community use in the weekly peak period. So, the **South Ribble supply exceeds the South Ribble demand by 8.4 badminton courts**.
- The FPM finding is that **96% of the total demand for sports halls by South Ribble residents is being satisfied/met**.
- Retained demand is 62% of the total 96% of the South Ribble satisfied demand for sports halls. So, the nearest sports hall for over six out of ten visits to a sports hall by a South Ribble resident, is a venue located in the Borough.
- The **South Ribble total unmet demand is 3.9% of total demand for sports halls and this equates to just 1.3 badminton courts**.
- Of the total unmet demand, 99.7% is from unmet demand located outside the catchment area of a sports hall, and just 0.3% from lack of sports hall capacity. Given the total unmet demand is only 1.3 badminton courts, **there is no one area which could be described as having a cluster of unmet demand**.
- With regards to used capacity the finding for South Ribble is that as a Borough wide average, the **sports halls are estimated to be operating at 52% of used capacity** in the weekly peak period weekday evenings (up to 5 hours per day) and weekend days (up to 7 hours per weekend day). However, used capacity at public leisure centres is much higher, with **Leyland Leisure Centre estimated to be 99%**.

3.6.3. Swimming Pools

- There are **8 individual pools located at 6 swimming pool sites in South Ribble** in 2018. The total supply of water space available for community use in the weekly peak period is 1,551 sq. metres of water.
- The scale of the main pool at the public leisure centre sites, means they are able to provide for all the swimming activities of learn to swim; casual recreational swimming; lane and aqua aerobics fitness swimming activities; and swimming development through clubs. At the Leyland Leisure Centre site, it is possible to undertake these activities in dedicated pools.
- The **average age for 5 of the swimming pool sites is 29 years**. The **oldest pool site is Leyland Leisure Centre**, which opened in 1970, and the most recent pool site is GYMTEC, which opened in 2009.
- Based on a measure of water space per 1,000 population, **the South Ribble supply is 16 sq. metres of water space per 1,000 population in 2018**. The North West Region average is 13 sq. metres of water per 1,000 population and for England wide it is 12 sq. metres of water per 1,000 population in 2018.
- The **resident population of South Ribble, generates a demand for 1,140 sq. metres of water**. This compares to the total supply of 1,515 sq. metres of water, which is available for community use in the weekly peak period. So, **there is a positive balance of supply exceeding demand by 375 sq. metres of water in 2018**.
- In 2018, some **95.6% of the total demand for swimming from South Ribble residents is satisfied/met**.

- In 2018, some 68% of the total 95% South Ribble demand which is met/satisfied is retained within the authority.
- The 2018 finding is that 31.7% of the South Ribble Borough satisfied demand for swimming is met outside the authority.
- In 2018 the **South Ribble Borough total unmet demand is 4.4%** of total demand, and this equates to 50 sq. metres of water. All but 1.1% of the unmet demand is due to residents being located outside the catchment area of a pool.
- **The total unmet demand of 50 sq. metres across the authority is a low total. It is not a sufficient total or clustered enough in any one location, to consider increasing swimming pool provision.**
- In 2018, the **estimated used capacity of the swimming pools as a South Ribble Borough average, is estimated to be 62.2% of pool capacity used in the weekly peak period.** The Leyland Leisure Centre has an **estimated used capacity of 63%** in the weekly peak period.

3.7. Competition Summary

- 3.7.1. In order to inform the facility mix and also assess the likely demand for facilities in the new centre an assessment of traditional sports and more commercial leisure facilities was undertaken.
- 3.7.2. The table below summarises the key competitor facilities within a 20 minute catchment of Leyland Leisure Centre focusing on swimming, sports hall and squash provision.

Table 9 - Traditional Leisure Competition Summary

Competition	Catchment Area	Comments
Swimming Pools	20 minute drive	<p>There are 31 swimming pools within a 20 minute drive of Leyland Leisure Centre with the following breakdown of access type;</p> <ul style="list-style-type: none"> • 8 local authority; • 16 private / commercial; • 2 sports club / community organisation; and, • 5 academic sites
Sports Halls	20 minute drive	<p>There are 61 sports halls with 3 badminton courts of more within a 20 minute drive of Leyland Leisure Centre with the following breakdown of access type;</p> <ul style="list-style-type: none"> • 12 local authority; • 1 private / commercial; • 3 sports club / community organisation; and, • 45 academy/school sites
Squash Courts	20 minute drive	<p>There are 19 squash courts within a 20 minute drive of Leyland Leisure Centre with the following breakdown of access type;</p> <ul style="list-style-type: none"> • 7 local authority; • 4 academy / school sites; • 4 private / commercial; and, • 4 sports club / community organisation <p>It is worth noting that Burscough racquets & fitness centre is local authority but with a registered membership use offering both squash & sports hall</p>

- 3.7.3. The table below summarises other commercial leisure facilities within a 30 minute catchment of Leyland Leisure Centre.

Table 10 - Commercial Leisure Competition Summary

Competition	Catchment Area	Comments
Soft Play	30 minute drive	<p>There are 22 indoor soft play areas within a 30 minute drive Some of these are located within local eateries:</p> <ul style="list-style-type: none"> - Wacky Warehouse - Poachers, Preston (13 mins, 4.3 miles); - Wacky Warehouse - Phantom Winger, Preston (21 mins, 12.4 miles); - Wacky Warehouse - Bee Hive, Bolton (23 mins, 16.7 miles); - Wacky Warehouse - Red Robin, Wigan (24 mins, 12.8 miles); - Wacky Warehouse - Red Lion, Bolton (25 mins, 20.7 miles); and, - Brewers Fayre - Wheatlea Park, Wigan (28 mins, 20.1 miles) <p>Multi-use centres:</p> <ul style="list-style-type: none"> - Velocity Trampoline Park, Wigan (27 mins, 19.8 miles) – clip n climb wall, trampoline & indoor soft play; and, - Level, Preston (18 mins, 6.8 miles) multi-use indoor centre with indoor bowling (called Odins), soft play, daredevil assault course, laser tag, crazy golf – North - Tiny Rockers, Chorley (12 mins, 3.9 miles); - Cheeky monkeys, Chorley (12 mins, 4.4 miles); - Clown Around, Chorley (12 mins, 4.7 miles); - Rascals Party & Play Centre, Preston (15 mins, 6.3 miles); - Mini's party & play centre, Preston (16 mins, 6.2 miles); - Puddletown Pirates, Chorley (17 mins, 6.1 miles); - Giddy Kids Play Centre, Preston (20 mins, 10.5 miles); - Playmates children's centre, Chorley (21 mins, 7.8 miles); - Pipsqueaks Play Café, Wigan (22 mins, 14.2 miles); - Bizee Kidz, Wigan (22 mins, 14.2 miles); - Blackburn Dart Zone, Blackburn (22 mins, 12.7 miles); - Funtazia, Blackburn (23 mins, 14.5 miles) - Party and Play Funhouse, Bolton (24 mins, 16.9 miles); and, - The Jungle Hut, Skelmersdale (26 mins, 18 miles);
Indoor Climbing	30 minute drive	<p>There are four indoor climbing facilities within a 30 minute drive of Leyland leisure centre, three of these offer Clip n Climb technology. These are;</p> <ul style="list-style-type: none"> - Boulder UK, Preston (13 mins, 4.4 miles) – offers climbing & bouldering - Clip n Climb Preston (16 mins, 9.7 miles) - Velocity Trampoline Park, Wigan (27 mins, 19.8 miles) – multi-use centre with Clip n Climb wall, trampoline & indoor soft play - Adrenaline Centre, Haslingden 'Grip & Go' climbing wall (29 mins, 18.1 miles) with Clip n Climb set up <p>High ropes - there is also one outdoor high ropes centre within a 30 minute drive time at Go Ape Rivington, Bolton (28 mins, 10.8 miles) SE of Leyland</p>
Tag Active	30 minute drive	<p>There are no specific TAG Active facilities within a 30 minute drive time of Leyland Leisure centre. The nearest is TAG Active Batley (1hr 19 mins, 61.9 miles) East and TAG Active Rhyl (1hr 47 mins, 79.6 miles) South West of Leyland.</p> <p>There are a couple of Ninja style obstacle course facilities nearby with Ninja Warrior UK Adventure, located in Wigan (25 mins, 12.6 miles) South and Yusha Ninja, Bolton (38 mins, 21.5 miles) South East both which have indoor obstacle courses but no electronic tag technology.</p> <p>Other sites that provide obstacle assault course activities are;</p> <p>Level, Preston (18 mins, 6.8 miles) multi-use indoor centre with indoor bowling (called Odins), soft play, daredevil assault course, laser tag, crazy golf – North</p> <p>It is also worth mentioning Wacky World inflatable park in Preston (19 mins, 7.3 miles) which is an inflatable obstacle course</p>
Ten Pin Bowling	30 minute drive	There are four ten pin bowling facilities within a 30 minute drive time of Leyland Leisure Centre. These are;

Competition	Catchment Area	Comments
		<ul style="list-style-type: none"> - Level, Preston (18 mins, 6.8 miles) multi-use indoor centre with indoor bowling (called Odins), soft play, daredevil assault course, laser tag, crazy golf - North - Tenpin Blackburn, Blackburn (24 mins, 14.8 miles) – North East - Hollywood Bowl Wigan (27 mins, 13.5 miles) - South - Hollywood Bowl Bolton (25 mins, 16.8 miles) – South East
Trampoline Parks	30 minute drive	<p>There are five indoor trampoline parks within a 30 minute drive time of Leyland Leisure Centre. These are;</p> <ul style="list-style-type: none"> - Leyland Bounce & Fun play centre - also known as Tramp 2 lean - (6 mins, 1.8 miles) - Energi Trampoline Park, Preston (18 mins, 7.2 miles) – North - Flipout, Preston (18 mins, 7.1 miles) – North - AirVault Trampoline Park, Bolton (23 mins, 16.6 miles) - South East; and, - Velocity Trampoline Park, Wigan (27 mins, 19.8 miles) - South
Spas	30 minute drive	<p>There are 10 facilities with day spa provision within a 30 minute drive of Leyland Leisure Centre. These vary from spas located in hotels, as part of a health clubs or independent day spas. These are;</p> <ul style="list-style-type: none"> - Shaw Hill Golf Resort & Spa Hotel, Chorley (10 mins, 3.2 miles); - David Lloyd Chorley, Chorley (11 mins, 4.2 miles); - Elements Day Spa, Preston (13 mins, 5.7 miles) North– treatments only, no wet side spa facilities; - Contours Day Spa, Chorley (16 mins, 6.1 miles) – treatments only, no wet spa facilities; - Lavender Hotels Leisure Club and Spa, Chorley (17 mins, 6.5 miles); - Marriott Hotel Spa, Preston (18 mins, 11.7 miles) - Stanley House Hotel & Spa, Mellor (22 mins, 11 miles); - Mercure Blackburn Dunkenhalgh Hotel and Spa, Blackburn (23 mins, 16.8 miles); - Macdonald Kilhey Court, Wigan (25 mins, 9.9 miles); and, - The Spa Hotel at Ribby Hall Village, Preston (28 mins, 13.9 miles)

3.8. Latent Demand for Fitness

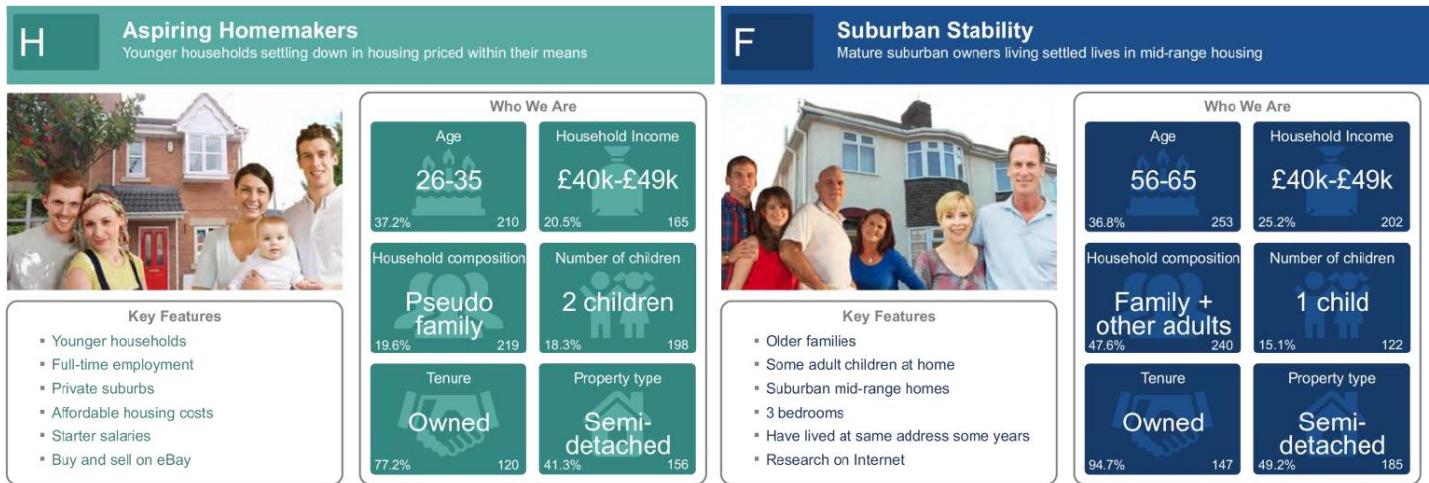
3.8.1. A fitness latent demand report has been commissioned from the Leisure Database Company. The objective is to assess the likely number of members the new Centre will attract. This in turn allows an analysis of the optimal size of the gym and studio space, as well as inform the likely level of fitness membership income. The detailed report is included at **Appendix 4**.

3.8.2. Mapping of existing Leyland Leisure Centre members showed that most live in Leyland, Farington and Moss Side, but there are also smaller clusters coming from Buckshaw Village and Euxton (on the other side of the M6), Lostock Hall (to the north) Eccleston and Croston (to the south). In total, 80% live within a 10-minute drive time and consequently this is the area focussed on for the latent demand estimate; almost 78k people live within 10-minutes and of these, 63,671 are adults aged 15+.

3.8.3. The dominant Mosaic group in the catchment is one of the youngest: H (Aspiring Homemakers). These are typically young families, couples who are yet to have children, and singles in their 20s and 30s. A good number are setting up homes for the first time. Group F (Suburban Stability) is also represented at higher than average levels. The montages below show the key features of each and the difference in age. In terms of

age, the Leyland catchment has higher than average numbers of those aged 40+ and slightly higher numbers of those aged 25-34.

Figure 3 – Mosaic Groups – Aspiring Homemakers and Suburban Stability



3.8.4. The most significant competitors in the catchment, and the only ones with more members than the current Leyland Leisure Centre, are Gymetc (just half a mile away) and Gymworks in Euxton (2-miles away). The newest entrant to the market is Places Gym Preston; it opened in Bamber Bridge in 2016.

3.8.5. The overall demand for fitness at the new Leyland Leisure Centre is estimated to be 3,575 – this is the total number of members we feel could be achieved. This includes allowance for 25% of members to come from outside the 10-minute catchment (20% currently do so but this could increase slightly with improved facilities). It also includes some negative consideration for competition in the area.

4. Facility Mix

- 4.1. As a result of the information gathered and analysed to date, the proposed core facility mix is outlined in the table below. To support the development of the facility mix, a competition analysis was also completed, looking at both traditional and commercial leisure facilities in the surrounding area. This report can be found in **Appendix 2**. The proposed facility mix also takes into account Sport England Facilities Planning Model reports for Sports Halls and Swimming Pools in South Ribble. These can be found in **Appendix 4**.

Table 11 - Sport & Physical Activity - Proposed Facility Mix

Proposed	Comments
Core Facility Mix	
Main Pool – 25 x 17m Learner Pool – 10 x 13m	Current over supply of 375 m ² , new pools would increase the oversupply by 221m ² , however most of unmet demand is to the north and west of Leyland Leisure Centre and will provide capacity for future population growth. Currently has a strong learn to swim programme c. 1,200 kids.
4 court sports hall	Currently has 3 courts – income per court is less than £16k. FPM – over supply so adding 3 courts would only increase this, however Leyland is said to be at 99% used capacity (as only public SH in area). A 4-court hall would increase the programme opportunities. If the education sites increased public access demand at Leyland would be reduced.
Multi-purpose Room (60m ²)	Multi-purpose room to deliver health related activities/commissioned services
Fitness Suite - 120 Stations	Waiting on latent demand figures to confirm number of stations
2 x studios Spin Studio	
Toning/Wellbeing suite	Aging population – all age groups projected to decrease with exception of 65+
2 x Start up space (full time leased consultant/treatment rooms)	Following up with Serco re. revenue from comparable facilities.
Cafe	Must have access from the park
Variant Option (as core with additional family friendly facilities)	
Soft Play	Competition Analysis has highlighted soft play as a potential option for the site. Whilst there is soft play provision within the catchment, given the location within the park and the other facilities available it would support the centre as a family friendly destination venue. All other commercial activities are well provided for in the nearby towns e.g. Preston, Blackburn etc.
Splash Pad	Small indoor splash pad area next to the learner pool. Designed to increase water confidence in young children and babies. A splash facility will increase the centres appeal to family groups.
Enhanced Café Space	Increased space to ensure the café meets the requirements of the soft play and pool viewing, links to outdoor space.

5. Business Plan

- 5.1 Revenue business plans have been developed for the new leisure centre for the core and variant facility options. The business plans set out total income and expenditure projected once the works have been completed. It is a revenue business plan that excludes any capital and fit out costs.
- 5.2 In projecting the potential income streams, the following has been considered:
- detailed assessment of the existing centres' performance, to understand the income each of the key facilities currently generates;
 - future demand and supply assessments (SE FPMs) for key facilities; swimming pools and sports halls;
 - latent demand for fitness, so the growth in the centre's memberships could be projected;
 - membership pricing and average income per month each member currently generates to project future income generation;
 - pricing structures for casual use;
 - competition and comparable facility review for indoor climbing and soft play pricing;
 - existing swimming programme of Leyland pools (no changes were made to club / schools use); and
 - current advertised sports hall programme.
- 5.3 Expenditure projections were based on the following:
- existing centre staffing costs / salaries taking into account new facilities;
 - industry rates for R&M and utilities given the new build centre.
 - costs above the rate of inflation have been included for utilities given the volatility of the market; and
 - no costs for central costs or cost of capital have been included.
- 5.4 It is assumed that the centre will continue to be managed by the same organisation as currently and therefore includes VAT relief on sporting income and assumes 100% NNDR relief.
- 5.5 Year 1 is based on 2019 prices increases for inflation have not been included within the projections at this stage.
- 5.6 Prices for soft play in the variant option have been compared against local competition and comparable facilities.
- 5.7 The revenue projections in tables 6 and 7 **exclude** capital financing costs, however it is expected that any surplus achieved would contribute towards them.
- 5.8 The business plans include a level of profit and central costs to be retained by the operator, it is assumed that the Council will receive any surplus over and above this as a 'Leisure Services Fee' payment from the operator to the Council. This and any future profit share arrangements for the centre will be subject to negotiations with the existing operator.

- 5.9 The business plans allow for growth of the developments over the first five years, to a mature year position.

- 5.10 The opening hours are set out in the table below including current and those recommended for new facilities.

Table 12 - Opening Hours

Main Reception, Fitness, Main Pool	Open	Close
Monday to Friday	6.00am	10.00pm
Saturday and Sunday	8.00am	7.00pm

Teaching Pool	Open	Close
Monday to Friday	9.00am	8.00pm
Saturday and Sunday	8.30am	8.00pm

Main Hall	Open	Close
Monday to Friday	9.00am	10.00pm
Saturday and Sunday	9.00am	7.00pm

Cafe	Open	Close
Monday to Friday	8.30am	6.00pm
Saturday and Sunday	10.00am	6.00pm

5.11 Income and Expenditure Summary

- 5.11.1 The tables overleaf provide a summary of the income and expenditure projections for the initial five-year period compared to the current operational income and expenditure of the existing centre. These projections take into account the local population, catchment demographics and competition.

Table 13 - Income and Expenditure Summary – Core Facilities

SUMMARY	2017	2018	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME							
Health & Fitness	505,178	560,170	843,820	947,007	971,536	972,155	972,489
Toning			42,508	73,652	83,559	84,865	85,571
Swimming	519,911	546,377	654,852	697,282	697,282	697,282	697,282
Dryside	52,754	48,808	93,954	93,954	93,954	93,954	93,954
Secondary	17,775	14,828	196,805	212,630	217,796	218,007	218,121
Miscellaneous	23,889	17,022	15,425	15,425	15,425	15,425	15,425
TOTAL INCOME	1,119,507	1,187,205	1,847,365	2,039,951	2,079,553	2,081,688	2,082,842
EXPENDITURE							
Salaries	633,109	683,021	935,625	935,625	935,625	935,625	935,625
Utilities	106,417	128,071	128,740	132,602	136,580	140,678	144,898
NNDR			0	0	0	0	0
Insurance	14,962	14,659	23,795	23,795	23,795	23,795	23,795
Lifecycle			0	0	0	0	0
Repairs & Maintenance			0	0	0	0	0
Grounds Maintenance			0	0	0	0	0
Cleaning	25,417	22,987	25,748	25,748	25,748	25,748	25,748
Equipment			30,898	30,898	30,898	30,898	30,898
Other Supplies	24,977	27,982	27,710	30,599	31,193	31,225	31,243
Advertising & Marketing	11,830	18,037	44,447	40,799	41,591	41,634	41,657
Communications			46,184	50,999	51,989	52,042	52,071
Other Administration	10,227	19,673	9,356	9,356	9,356	9,356	9,356
Costs of Sales	25,084	18,904	94,467	102,063	104,542	104,643	104,698
Capital Costs			0	0	0	0	0
Central Costs		82,265	92,368	101,998	103,978	104,084	104,142
Surplus			92,368	101,998	103,978	104,084	104,142
Risk / Contingency			0	0	0	0	0
Irrecoverable VAT	26,427	18,128	60,388	62,560	63,797	64,403	65,011
TOTAL EXPENDITURE	878,450	1,033,727	1,612,095	1,649,039	1,663,069	1,668,215	1,673,283
SURPLUS / DEFICIT	241,057	153,478	235,270	390,912	416,484	413,473	409,559
South Ribble Borough Council Costs							
Repairs & Maintenance			-64,272	-87,543	-87,543	-87,543	-87,543
Contract Payment			-78,453	235,270	390,912	416,484	413,473
Leisure Services Fee			-142,725	147,727	303,369	328,941	325,930
TOTAL COST TO SRBC							322,016

Table 14 - Income and Expenditure Summary – Core + Variant Facilities

SUMMARY	2017	2018	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME							
Health & Fitness	505,178	560,170	843,820	947,007	971,536	972,155	972,489
Toning			42,508	73,652	83,559	84,865	85,571
Swimming	519,911	546,377	687,265	729,694	729,694	729,694	729,694
Dryside	52,754	48,808	93,954	93,954	93,954	93,954	93,954
Soft Play			123,338	112,125	112,125	112,125	112,125
Secondary	17,775	14,828	252,338	263,330	268,495	268,706	268,820
Miscellaneous	23,889	17,022	15,425	15,425	15,425	15,425	15,425
TOTAL INCOME	1,119,507	1,187,205	2,058,647	2,235,187	2,274,790	2,276,925	2,278,078
EXPENDITURE							
Salaries	633,109	683,021	966,515	966,515	966,515	966,515	966,515
Utilities	106,417	128,071	145,690	150,061	154,563	159,199	163,975
NNDR			0	0	0	0	0
Insurance	14,962	14,659	26,549	26,549	26,549	26,549	26,549
Lifecycle				0	0	0	0
Repairs & Maintenance			0	0	0	0	0
Grounds Maintenance			0	0	0	0	0
Cleaning	25,417	22,987	29,138	29,138	29,138	29,138	29,138
Equipment			34,966	34,966	34,966	34,966	34,966
Other Supplies	24,977	27,982	30,880	33,528	34,122	34,154	34,171
Advertising & Marketing	11,830	18,037	48,673	44,704	45,496	45,538	45,562
Communications			51,466	55,880	56,870	56,923	56,952
Other Administration	10,227	19,673	9,665	9,665	9,665	9,665	9,665
Costs of Sales	25,084	18,904	121,122	126,398	128,878	128,979	129,034
Capital Costs			0	0	0	0	0
Central Costs		82,265	102,932	111,759	113,739	113,846	113,904
Surplus			102,932	111,759	113,739	113,846	113,904
Risk / Contingency			0	0	0	0	0
Irrecoverable VAT	26,427	18,128	69,741	71,524	72,834	73,516	74,202
TOTAL EXPENDITURE	878,450	1,033,727	1,740,269	1,772,446	1,787,073	1,792,834	1,798,535
SURPLUS / DEFICIT	241,057	153,478	318,378	462,742	487,716	484,090	479,543

South Ribble Borough Council Costs	2017	2018	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Repairs & Maintenance							
Contract Payment		-64,272	-99,069	-99,069	-99,069	-99,069	-99,069
Leisure Services Fee		-78,453	318,378	462,742	487,716	484,090	479,543
TOTAL COST TO SRBC		-142,725	219,309	363,673	388,647	385,021	380,474

5.11.2 Under both options there is an improvement from the current subsidy of £142k payable by the Council to a surplus position.

5.12 Usage

5.12.1 The initial five-year usage profile is set out in the tables below.

Table 15 - Usage Summary – Core Facility Mix

USAGE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	336,424	378,732	392,528	392,790	392,932
Toning	11,934	23,883	27,798	28,259	28,507
Swimming	172,555	172,555	172,555	172,555	172,555
Dryside	19,416	19,416	19,416	19,416	19,416
Miscellaneous	1,575	1,575	1,575	1,575	1,575
TOTAL	541,904	596,162	613,873	614,595	614,986

Table 16 - Usage Summary – Core + Variant Facility Mix

USAGE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	336,424	378,732	392,528	392,790	392,932
Toning	11,934	23,883	27,798	28,259	28,507
Swimming	180,671	180,671	180,671	180,671	180,671
Dryside	19,416	19,416	19,416	19,416	19,416
Soft Play	23,984	21,804	21,804	21,804	21,804
Miscellaneous	1,575	1,575	1,575	1,575	1,575
TOTAL	574,004	626,081	643,792	644,515	644,905

5.13 Income

5.13.1 The key income assumptions are set out below.

Table 17 - Income Assumptions

Activity Area	Income Projections – Mature Year																		
Health & Fitness	<p>The business plan has been developed considering the current average monthly membership yield. This has been projected as £16.12. Consideration of future yields has been based on performance within other centres following a new build. With the combined significantly refurbished facilities, the average monthly yield has been projected at £20.00 per month, which has a corresponding impact on the increase in income from existing performance.</p> <p>Attrition has been calculated at 5% per month and it is assumed that prior to the opening of the centre there will be 2,700 (existing and new) members that will transfer / join in the pre-sale period.</p> <p>The current latent demand projection of 3,575 members has been taken into consideration and membership has been built up over the initial years, to 3,588 in year 5.</p> <table border="1"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4</th> <th>Year 5</th> </tr> </thead> <tbody> <tr> <td>Members</td> <td>3,298</td> <td>3,581</td> <td>3,585</td> <td>3,587</td> <td>3,588</td> </tr> <tr> <td>% Growth</td> <td>22.1%</td> <td>8.6%</td> <td>0.1%</td> <td>0.1%</td> <td>0.0%</td> </tr> </tbody> </table>		Year 1	Year 2	Year 3	Year 4	Year 5	Members	3,298	3,581	3,585	3,587	3,588	% Growth	22.1%	8.6%	0.1%	0.1%	0.0%
	Year 1	Year 2	Year 3	Year 4	Year 5														
Members	3,298	3,581	3,585	3,587	3,588														
% Growth	22.1%	8.6%	0.1%	0.1%	0.0%														

Activity Area	Income Projections – Mature Year								
	<p>In other similar projects feedback is that operators typically achieve and often exceed latent demand projections and therefore reaching maturity by the end of year three is a realistic and achievable assumption.</p> <p>It is projected that the standard membership base will generate £861k in a mature year.</p> <p>The table below outlines the potential impact of a reduced and increased yield on total income in a mature year.</p> <table border="1"> <thead> <tr> <th>Yield Options</th><th>Impact on Surplus</th></tr> </thead> <tbody> <tr> <td>£18</td><td>-£86,110</td></tr> <tr> <td>£22</td><td>£86,110</td></tr> <tr> <td>£24</td><td>£172,219</td></tr> </tbody> </table> <p>It is also projected that there will be casual use of the fitness facilities. Total casual income is projected to be £60k per annum.</p>	Yield Options	Impact on Surplus	£18	-£86,110	£22	£86,110	£24	£172,219
Yield Options	Impact on Surplus								
£18	-£86,110								
£22	£86,110								
£24	£172,219								
Group Exercise	With two group exercise studios and a spin studio, 75 classes per week have been programmed. (38 of those virtual). Average occupancy of classes is projected to be 40-50% for off-peak and 60-70% for peak classes (although lower for the virtual classes at 30%). Access to classes will be included within the all-inclusive membership. It is projected that of all users, 20-30% will be casual (10% for spin), generating income of £50k per annum.								
Swimming Pools - casual	Casual swimming income (including any passes or swim only memberships) is projected at £166k per annum								
Swimming Pools – lessons	<p>From current usage information, it appears that there are approximately 1,300 pupils on a learn to swim programme.</p> <p>It is projected that the programme will continue to grow to just over 1,580 by year 2. Income from lessons, assuming at 50-week programme, is project at £424k by year 2.</p>								
Swimming Pools – clubs and schools	Pool hire, and schools' swimming income is projected against comparable programmes.								
Main Hall	<p>The programme in the main hall has been set out as a typical four-court main hall, with a mix of programmes including schools, community activities, junior coaching course, martial arts, clubs, casual and hire for children's birthday parties. Total main hall income is projected at £94k, equating to £23.4k per court.</p> <p>This is higher than the current centre, however, the programming opportunities will be improved having a standard size hall and reflects latent demand.</p>								
Start up space (Miscellaneous Income)	A subsidised hourly rate of £5.00 per hour has been included, with a 25% occupancy for various users across 63 hours a week (9 hours a day). Total income is projected at £7.8k per annum								
Multi-purpose room (Miscellaneous Income)	It is assumed that various community users will deliver local programmes from the centre in the multi-purpose room, these may be for educational, health and wellbeing users. Again, a subsidised price of £10 per hour has been utilised, with total income projected at £7.6k per annum.								
Secondary	<p>The central catering HUB is located in a prominent position with viewing over the park. Café and vending income is projected at 30p per head.</p> <p>Catering income takes into account leisure centre users as well as Civic Centre employees, visitors to local services such as the job centre and park users. It has been estimated that these will generate an additional 150,000 visits per year at the Café.</p>								

Activity Area	Income Projections – Mature Year																																												
	<p>It is assumed that on weekdays the café will open at 8.30 am to cater for local employees in the area. As it is not possible to assess the demand for the early opening times, it is assumed that there will only be one member of staff on shift between 8.30am and 10am, two members on staff will be on shift at all other opening times for the café.</p> <p>The projected net position of the café is outlined in the table below, this takes into account direct costs associated with the café including cost of sales and staffing. Overall the catering offer is projected to make an annual profit in the region of £25.5k (11%).</p> <table border="1"> <thead> <tr> <th>Café</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr> </thead> <tbody> <tr> <td>Income</td><td>£174,226</td><td>£187,790</td><td>£192,218</td><td>£192,399</td><td>£192,496</td></tr> <tr> <td>Expenditure</td><td>£158,190</td><td>£164,701</td><td>£166,826</td><td>£166,913</td><td>£166,960</td></tr> <tr> <td>Net Position</td><td>£16,036</td><td>£23,089</td><td>£25,392</td><td>£25,486</td><td>£25,537</td></tr> </tbody> </table> <p>It is assumed that a good quality wet retail offer is provided, with a retail spend of 5p per head included in the business plan.</p> <p>In a mature year, total secondary net income is projected at £218k.</p>	Café	Year 1	Year 2	Year 3	Year 4	Year 5	Income	£174,226	£187,790	£192,218	£192,399	£192,496	Expenditure	£158,190	£164,701	£166,826	£166,913	£166,960	Net Position	£16,036	£23,089	£25,392	£25,486	£25,537																				
Café	Year 1	Year 2	Year 3	Year 4	Year 5																																								
Income	£174,226	£187,790	£192,218	£192,399	£192,496																																								
Expenditure	£158,190	£164,701	£166,826	£166,913	£166,960																																								
Net Position	£16,036	£23,089	£25,392	£25,486	£25,537																																								
Variant Facilities																																													
Soft Play	<p>The soft play will complement the wet programme in the pools for young children. It is assumed that the adventure play will be targeted at children up to 10 years, with pricing differences for toddlers and juniors.</p> <p>It is assumed the area will be open during the following hours:</p> <p>Monday – Sunday: 10am – 6pm</p> <p>The key utilisation assumptions are detailed below.</p> <table border="1"> <thead> <tr> <th>Programme</th><th>Hours per week</th><th>No units</th><th>Utilisation</th></tr> </thead> <tbody> <tr> <td>Adventure Play</td><td>5+ years</td><td>50</td><td>5</td><td>10%</td></tr> <tr> <td>Term Time</td><td>1 to 4 years</td><td>50</td><td>20</td><td>20%</td></tr> <tr> <td></td><td>0-1 years</td><td>50</td><td>10</td><td>20%</td></tr> <tr> <td></td><td>Parties</td><td>6</td><td>30</td><td>60%</td></tr> <tr> <td>Adventure Play</td><td>5+ years</td><td>50</td><td>5</td><td>10%</td></tr> <tr> <td>Holidays</td><td>1 to 4 years</td><td>50</td><td>20</td><td>25%</td></tr> <tr> <td></td><td>0-1 years</td><td>50</td><td>10</td><td>20%</td></tr> <tr> <td></td><td>Parties - 15</td><td>6</td><td>30</td><td>40%</td></tr> </tbody> </table> <p>Total adventure play usage is projected to be 21,804 generating income of £112k per annum.</p> <p>We have assessed the number of younger children in a 15-minute drive time of the centre. There are 61.5k children aged 0-14 in a 15 minute drive time. If 80% of visits comes from this catchment, and the children that visit, attend on average 8 times a year, the penetration rate of 0-14 year olds is 3.5%.</p>	Programme	Hours per week	No units	Utilisation	Adventure Play	5+ years	50	5	10%	Term Time	1 to 4 years	50	20	20%		0-1 years	50	10	20%		Parties	6	30	60%	Adventure Play	5+ years	50	5	10%	Holidays	1 to 4 years	50	20	25%		0-1 years	50	10	20%		Parties - 15	6	30	40%
Programme	Hours per week	No units	Utilisation																																										
Adventure Play	5+ years	50	5	10%																																									
Term Time	1 to 4 years	50	20	20%																																									
	0-1 years	50	10	20%																																									
	Parties	6	30	60%																																									
Adventure Play	5+ years	50	5	10%																																									
Holidays	1 to 4 years	50	20	25%																																									
	0-1 years	50	10	20%																																									
	Parties - 15	6	30	40%																																									
Splash Pad	<p>It is assumed that use of the splash pad will be included in the general swimming entry fee.</p> <p>It is assumed that the splash pad will create additional capacity in the pool hall and increase participation by young children and families.</p>																																												

Activity Area	Income Projections – Mature Year																								
	<p>It is assumed that the splash pad will generate additional income of £32.4k. However, it should be noted that the ability to drive income from the splash pad will be dependent on the mix of features.</p>																								
Additional Secondary Spend	<p>It is assumed that the additional usage from the splash pad and soft play will increase the secondary spend income.</p> <p>The spend per head for the splash pad has been assumed at 30p in line with other centre users.</p> <p>For the soft play it has been included at £2.00 per head, experience shows that a good café offer alongside soft play can generate a significantly higher spend per head compared to traditional leisure activities.</p> <p>The overall catering income position for the variant option is shown below, a profit of £27k is projected (11%)</p> <table border="1"> <thead> <tr> <th>Café</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr> </thead> <tbody> <tr> <td>Income</td><td>£229,820</td><td>£238,515</td><td>£242,943</td><td>£243,123</td><td>£243,221</td></tr> <tr> <td>Expenditure</td><td>£209,833</td><td>£214,007</td><td>£216,132</td><td>£216,219</td><td>£216,265</td></tr> <tr> <td>Net Position</td><td>£19,987</td><td>£24,508</td><td>£26,811</td><td>£26,905</td><td>£26,955</td></tr> </tbody> </table>	Café	Year 1	Year 2	Year 3	Year 4	Year 5	Income	£229,820	£238,515	£242,943	£243,123	£243,221	Expenditure	£209,833	£214,007	£216,132	£216,219	£216,265	Net Position	£19,987	£24,508	£26,811	£26,905	£26,955
Café	Year 1	Year 2	Year 3	Year 4	Year 5																				
Income	£229,820	£238,515	£242,943	£243,123	£243,221																				
Expenditure	£209,833	£214,007	£216,132	£216,219	£216,265																				
Net Position	£19,987	£24,508	£26,811	£26,905	£26,955																				

5.14 Expenditure Projections – Staffing Structures and Costs

5.14.1 The total staffing budget of £935,625 for the core facilities is based on an outline staffing structure set out in the table below. In a mature year this equates to 45% of income, which is in line with Sport England benchmarks.

Table 18 - Staff Full Time Equivalents – Core Facilities

Designation	Total Salary inc on-costs	FTE	Total Cost
General Manager	40,740	1.00	40,740
Senior Managers	35,987	1.00	35,987
Duty Managers	31,234	1.00	31,234
Receptionists	25,344	3.84	97,266
Leisure Assistants – wet side	25,344	12.00	304,129
Gym Manager	27,160	1.00	27,160
Gym Sales Staff	22,339	1.00	22,339
Gym Assistants	24,444	3.24	79,278
Toning Assistants	24,444	0.50	12,222
Party Hosts	16,943	0.32	5,495
Catering Assistants	23,086	3.23	74,562
Cleaners	21,299	1.00	21,299
Instructors - Swimming (senior)	52,038	0.47	24,613
Instructors - Swimming (general)	30,255	2.59	78,499
Instructors - Aerobics	55,669	1.00	55,669
Instructors - Sports	36,306	0.14	4,906
Instructors - Aquafit	55,669	0.14	7,523
TOTAL	548,302	33.47	922,922

Designation	Total Salary inc on-costs	FTE	Total Cost
ADDITIONAL - HOLIDAYS			
Leisure Assistants - general	23,478	0.27	6,345
F&B Assistants	23,525	0.27	6,358
TOTAL	47,002	0.54	12,703
TOTAL STAFFING COSTS	595,304	34.01	935,625

5.14.2 For the variant facilities the following additional staff have been included:

Table 19 - Variant Facilities Additional Staffing Requirements

Designation	Total Salary inc on-costs	FTE	Total Cost
Soft Play Assistants	18,290	0.32	5,932
Catering Assistants	23,086	1.08	24,958

5.14.3 Total staffing costs in the variant option are £966,515.

5.14.4 It is assumed that in the soft play parents/carers will be responsible for their own children.

5.14.5 Staff on-costs for each post have been included at:

- National Insurance – 13.8%
- Pension Contribution – 10%
- Training – 3%
- Sickness & Holiday – 9%

5.15 Other Costs

5.15.1 The assumptions in relation to the expenditure are detailed in the table below.

Table 20 - Expenditure Assumptions

Activity Area	Expenditure Projections – Mature Year
Cost of Sales	These have been included at 48% of secondary income for both food and beverage and retail.
Utility Costs	Utility costs have been projected at £25 per m ² . Over the first 5 years an over-inflation rise has been included at 3%.
NNDR/Insurance	No NNDR costs have been included, as the current operator accounts do not show any costs. It is therefore assumed the Council grants both mandatory and discretionary relief. Insurance costs have been included at £23.7k in the core option and £26.5k in the variant option – as a PC sum (based on 0.10% of the capital costs), in comparison to current costs of £15k.
Repairs & Maintenance / Lifecycle	Ongoing repairs and maintenance costs have been included at £17 per m ² . This is for the planned and reactive maintenance requirements of the centre.

Activity Area	Expenditure Projections – Mature Year
	The business plans below currently exclude an ongoing lifecycle fund that will be needed after the first ten years, this lifecycle fund will be for the replacement of key plant and build elements, such as boilers and the roof. Little capital outlay is expected for the first five to ten years. After this period it is estimated that an average annual cost for the lifecycle fund would be in the region of £270k per annum. A detailed, fully costed, lifecycle plan will need to be developed once the detailed design and fit out specification is complete.
Equipment	Equipment costs have been calculated on a cost per m ² , for the majority of facilities it is included at £6 per m ² . This is for wet, dry and loose aerobics equipment. It excludes fitness equipment replacement. It is assumed that fitness equipment will be purchased as part of the initial fit out. From year 6 costs will need to be budgeted for gym equipment replacement.
Marketing	A marketing budget has been included at 2% of income, an additional £7.5k has been included in year 1 for the launch of the new centre.
Central Costs & Surplus	Within these projections, a 5% allowance for both central costs and surplus have been included. This will have to be negotiated with the current operator.
Irrecoverable VAT	The business plan includes an Irrecoverable VAT rate of 70%.

5.16 Sensitivity Analysis and Key Performance Indicators

5.16.1 The tables below and overleaf illustrate the impact of any changes in income or expenditure (including maintenance costs) on the surplus for both options.

Table 21 - Sensitivity Analysis – Core Facility Mix

AMENDMENT TO BASE PLAN	Year 5				
	Variance	Income	Exp	Net	Variance to Net Position
Base Plan		£2,082,842	£1,760,826	£322,016	
Increased Income (%)	10%	£2,291,126	£1,760,826	£530,300	£208,284
Reduced Income (%)	10%	£1,874,558	£1,760,826	£113,732	-£208,284
Increased Dryside Income (%)	10%	£2,092,237	£1,760,826	£331,411	£9,395
Decreased Dryside Income (%)	10%	£2,073,447	£1,760,826	£312,621	-£9,395
Increased Health and Fitness Income per Station	1000	£2,202,842	£1,760,826	£442,016	£120,000
Reduced Health and Fitness Income per Station	1000	£1,962,842	£1,760,826	£202,016	-£120,000
Increased Swimming Income (%)	10%	£2,152,570	£1,760,826	£391,744	£69,728
Decreased Swimming Income (%)	10%	£2,013,114	£1,760,826	£252,288	-£69,728
Increased Expenditure (%)	10%	£2,082,842	£1,936,909	£145,933	-£176,083
Reduced Expenditure (%)	10%	£2,082,842	£1,584,744	£498,099	£176,083
Increased Staff Costs (%)	10%	£2,082,842	£1,854,389	£228,453	-£93,562
Reduced Staff Costs (%)	10%	£2,082,842	£1,667,264	£415,578	£93,562
Increased Utility Costs (%)	10%	£2,082,842	£1,775,316	£307,526	-£14,490
Decreased Utility Costs (%)	10%	£2,082,842	£1,746,336	£336,506	£14,490
Increased Repairs and Maintenance Costs (%)	10%	£2,082,842	£1,769,580	£313,262	-£8,754
Decreased Repairs and Maintenance Costs (%)	10%	£2,082,842	£1,752,072	£330,770	£8,754
Increased Insurance Costs (%)	10%	£2,082,842	£1,763,206	£319,637	-£2,379
Decreased Insurance Costs (%)	10%	£2,082,842	£1,758,447	£324,395	£2,379

Table 22 - Sensitivity Analysis – Core + Variant Facility Mix

AMENDMENT TO BASE PLAN	Year 5				
	Variance	Income	Exp	Net	Variance to Net Position
Base Plan		£2,278,078	£1,897,605	£380,474	
Increased Income (%)	10%	£2,505,886	£1,897,605	£608,282	£227,808
Reduced Income (%)	10%	£2,050,271	£1,897,605	£152,666	-£227,808
Increased Dryside Income (%)	10%	£2,287,474	£1,897,605	£389,869	£9,395
Decreased Dryside Income (%)	10%	£2,268,683	£1,897,605	£371,078	-£9,395
Increased Health and Fitness Income per Station	1000	£2,398,078	£1,897,605	£500,474	£120,000
Reduced Health and Fitness Income per Station	1000	£2,158,078	£1,897,605	£260,474	-£120,000
Increased Swimming Income (%)	10%	£2,351,048	£1,897,605	£453,443	£72,969
Decreased Swimming Income (%)	10%	£2,205,109	£1,897,605	£307,504	-£72,969
Increased Expenditure (%)	10%	£2,278,078	£2,087,365	£190,713	-£189,760
Reduced Expenditure (%)	10%	£2,278,078	£1,707,844	£570,234	£189,760
Increased Staff Costs (%)	10%	£2,278,078	£1,994,256	£283,822	-£96,651
Reduced Staff Costs (%)	10%	£2,278,078	£1,800,953	£477,125	£96,651
Increased Utility Costs (%)	10%	£2,278,078	£1,914,002	£364,076	-£16,398
Decreased Utility Costs (%)	10%	£2,278,078	£1,881,207	£396,871	£16,398
Increased Repairs and Maintenance Costs (%)	10%	£2,278,078	£1,907,512	£370,567	-£9,907
Decreased Repairs and Maintenance Costs (%)	10%	£2,278,078	£1,887,698	£390,381	£9,907
Increased Insurance Costs (%)	10%	£2,278,078	£1,900,260	£377,819	-£2,655
Decreased Insurance Costs (%)	10%	£2,278,078	£1,894,950	£383,129	£2,655

5.16.2 The key performance indicators for the core and variant options are set out in the tables below.

Table 23 - KPIs for New Centre – Core Facility Mix

PERFORMANCE INDICATOR	SENBS 2018 External Contractor Median Value	YEAR				
		1	2	3	4	5
Surplus per visit (£)	£0.32	£0.27	£0.51	£0.54	£0.53	£0.52
% Cost Recovery	107%	109%	117%	119%	119%	118%
Staffing % of total income	51%	51%	46%	45%	45%	45%
Income per visit	£4.13	£3.41	£3.42	£3.39	£3.39	£3.39
Direct Income per visit	£3.87	£3.05	£3.07	£3.03	£3.03	£3.03
Secondary income per visit	£0.20	£0.36	£0.36	£0.35	£0.35	£0.35
R&M per m ²	£19.00	£17.00	£17.00	£17.00	£17.00	£17.00
Utility Costs per m ²	£32.00	£25.00	£25.75	£26.52	£27.32	£28.14
Health & Fitness income per station	£8,582	£7,032	£7,892	£8,096	£8,101	£8,104
Swimming income per m ²	£1,173	£1,180	£1,256	£1,256	£1,256	£1,256

Table 24 - KPIs for New Centre – Core + Variant Facility Mix

PERFORMANCE INDICATOR	SENBS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	2018 External Contractor Median Value					
Surplus per visit (£)	£0.32	£0.38	£0.58	£0.60	£0.60	£0.59
% Cost Recovery	107%	112%	119%	121%	120%	120%
Staffing % of total income	51%	47%	43%	42%	42%	42%
Income per visit	£4.13	£3.59	£3.57	£3.53	£3.53	£3.53
Direct Income per visit	£3.87	£3.15	£3.15	£3.12	£3.12	£3.12
Secondary income per visit	£0.20	£0.44	£0.42	£0.42	£0.42	£0.42
R&M per m2	£19.00	£17.00	£17.00	£17.00	£17.00	£17.00
Utility Costs per m2	£32.00	£25.00	£25.75	£26.52	£27.32	£28.14
Health & Fitness income per station	£8,582	£7,032	£7,892	£8,096	£8,101	£8,104
Swimming income per m2	£1,173	£1,238	£1,315	£1,315	£1,315	£1,315

6. Investment Summary

- 6.1 The table below outlines the total capital cost for each of the build elements against the potential operational surplus.

Table 25 - Investment Summary - Payback

Facility Option	Cap Ex cost	Year 3 net surplus + Savings from existing contract	Pay Back - years
Core Facility Mix	£23,794,559	£471,666.06	50.45
Core + Variant Facility Mix	£26,549,008	£531,372.35	49.96

- 6.2 The uplifted surplus for the variant option results in a similar payback period against the increased capital costs.
- 6.3 Based on the projected level of surplus for the core facilities, it is calculated that it could support debt of £10.9 million assuming a 3% interest rate over 40 years.
- 6.4 The projected level of surplus for the core + variant facilities could support debt of £12.3 million, assuming a 3% interest rate over 40 years.
- 6.5 The table overleaf outlines the forecast borrowing cost, the potential surplus the centre could achieve and the budget shortfall in surplus against borrowing costs.

Table 26 – Borrowing Cost and requirements of Additional Borrowing

Option		Forecast Capital Expenditure	Forecast Annual Borrowing cost		Budgeted Costs (22/23)	Increased Borrowing Costs	Feasibility Study			Budgeted savings target (22/23 budget)	(Surplus)/Shortfall vs target	Forecast Budget Shortfall *see notes below	Surplus required to break even
			£m	£000	£000	£000	Current cost savings £000	Surplus (Year 5) £000	=Net savings + surplus £000	£000	£000	£000	£000
	a Core Facility Mix		23.8	836	732	104	(143)	(322)	(465)	(500)	35	139	(461)
b	Core + Variant Facility Mix	26.5	933	732	201		(143)	(380)	(523)	(500)	(23)	178	(558)
Net impact of Variant Facility Mix		2.7	97	0	97		0	(58)	(58)	0	(58)	39	(97)
Increased cost/(reduced cost)													

4.1.1. The key assumptions in relation to Table 7 are outlined below:

- This net cost includes a provision for annual repair and maintenance but excludes future capital investment in the facility, in terms of major refurbishment and renewal of plant and equipment. With regard to a new facility, it is unlikely that any capital investment would be required for the first 5-10 years but budget provision would need to be made in the long-term budget plans for lifecycle investment and replacement costs.
- Forecast annual borrowing costs are calculated based on borrowing the full amount and repaying over 50 years based on current PWLB rates.
- The business plan includes assumptions in relation to irrecoverable VAT in relation to the annual running costs. Specialist advice will need to be taken to determine if there is any potential irrecoverable VAT on the build costs if so to and explore ways to minimise the cost.
- The forecast net surplus is based on a set of assumptions as set out in detail in the feasibility study and will therefore fluctuate due to various key factors which will impact such as; demand, inflation, and what service delivery model is adopted.
- With regard to Affordability there may be scope for utilising some existing cash resources to part-fund this investment which could provide an interest cost saving, however this would need to be considered for approval by full Council as part of the Council's overall Annual Treasury and Investment Strategy. Officers could also explore other options including: investigating alternative sources of Council funding (Capital receipts etc.), 106 funding, CIL funding, external funding to reduce the borrowing costs; and/or : investigate closing a second swimming pool in South Ribble along with Leyland to improve the affordability of the proposed new Leisure Centre.

- The current Leisure Centre facility in Leyland is 45 years old and would require significant capital investment to continue to operate. These costs are subject to the completion of a full stock condition survey.
- Forecast capital receipt from current Leyland site – The Market Value (MV) of the Property on the Special Assumptions of Vacant Possession and that existing buildings have been demolished with site cleared ready for redevelopment has been valued at £700,000.

DRAFT

7. Summary

- 7.1 The development of a new leisure centre in Leyland will proactively contribute towards national and local priorities of increasing participation in physical activity. It will positively contribute towards the wider health agenda and improve accessibility to leisure facilities for local residents.
- 7.2 The business plans developed illustrate that both the core facility mix and variant facility mix are able to operate in a surplus position, removing the requirement for ongoing subsidy. The projected surpluses and savings to the Council are set out in the table below, note this excludes the cost of capital.

Table 27 – Improvement in Revenue Position

Current Cost to SRBC	Core Facility Mix Surplus/Leisure Services Fee Payable to SRBC (Yr 5)	Maintenance Cost to SRBC	Total Improvement to SRBC
£142,725	£409,559	£87,543	£464,741

Current Cost to SRBC	Core + Variant Facility Mix Surplus/Leisure Services Fee Payable to SRBC (Yr 5)	Maintenance Cost to SRBC	Total Improvement to SRBC
£142,725	£479,543	£99,069	£523,199

- 7.3 The new centre could deliver savings in the region of £500k per annum, which would contribute towards borrowing costs.
- 7.4 The impact the new leisure centre will have on social value during construction and once operational is detailed in the Social Value Strategy Report contained in **Appendix 5**.

Appendix 1 – Context & Insight Report

See separate document

DRAFT

Appendix 2 – Competition Analysis

See separate document

DRAFT

Appendix 3 – Sport England Facilities Planning Model Reports

See separate documents

DRAFT

Appendix 4 – Fitness Latent Demand Report

ESTIMATE OF LATENT DEMAND FOR HEALTH & FITNESS (NEW) LEYLAND LEISURE CENTRE - 10 minute drive time		
MOSAIC UK Type	Total Adult Population (15+)	Total Health & Fitness Demand
A01 World-Class Wealth	0	0
A02 Uptown Elite	3	0
A03 Penthouse Chic	0	0
A04 Metro High-Flyers	0	0
B05 Premium Fortunes	63	3
B06 Diamond Days	396	20
B07 Alpha Families	698	43
B08 Bank of Mum and Dad	684	41
B09 Empty-Nest Adventure	3,326	148
C10 Wealthy Landowners	443	15
C11 Rural Vogue	59	3
C12 Scattered Homesteads	1	0
C13 Village Retirement	371	9
D14 Satellite Settlers	444	17
D15 Local Focus	184	9
D16 Outlying Seniors	0	0
D17 Far-Flung Outposts	0	0
E18 Legacy Elders	368	16
E19 Bungalow Haven	2,685	87
E20 Classic Grandparents	1,506	67
E21 Solo Retirees	1,285	49
F22 Boomerang Boarders	2,593	129
F23 Family Ties	700	45
F24 Fledgling Free	3,383	141
F25 Dependable Me	2,873	122
G26 Cafés and Catchments	0	0
G27 Thriving Independence	80	4
G28 Modern Parents	4,800	303
G29 Mid-Career Convention	3,081	201
H30 Primary Ambitions	528	26
H31 Affordable Fringe	3,921	193
H32 First-Rung Futures	2,945	145
H33 Contemporary Starts	5,640	345
H34 New Foundations	347	29
H35 Flying Solo	346	13
I36 Solid Economy	448	23
I37 Budget Generations	348	19
I38 Childcare Squeeze	1,275	59
I39 Families with Needs	1,721	55
J40 Make Do and Move On	2,001	71
J41 Disconnected Youth	218	7
J42 Midlife Stopgap	2,172	84
J43 Renting a Room	107	4

K44 Inner City Stalwarts	0	0
K45 Crowded Kaleidoscope	0	0
K46 High Rise Residents	0	0
K47 Streetwise Singles	223	5
K48 Low Income Workers	1,088	36
L49 Dependent Greys	307	4
L50 Pocket Pensions	1,101	13
L51 Aided Elderly	311	5
L52 Estate Veterans	740	23
L53 Seasoned Survivors	342	17
M54 Down-to-Earth Owners	532	25
M55 Offspring Overspill	1,278	67
M56 Self Supporters	3,638	136
N57 Community Elders	0	0
N58 Cultural Comfort	0	0
N59 Asian Heritage	0	0
N60 Ageing Access	0	0
O61 Career Builders	139	7
O62 Central Pulse	0	0
O63 Flexible Workforce	0	0
O64 Bus-Route Renters	624	23
O65 Learners and Earners	0	0
O66 Student Scene	0	0
Sub Total	63,671	2,906
<i>Add consideration for 25% of members from outside catchment</i>		969
<i>Minus current membership number (approx)</i>		-300
Estimate of Total Demand for Health & Fitness		3,575

Appendix 5 – Social Value Strategy

See separate document

DRAFT

Disclaimer

Although the information in this report has been prepared in good faith, with the best intentions, on the basis of professional research and information made available to us at the time of the study, it is not possible to guarantee the financial estimates or forecasts contained within this report.

Max Associates cannot be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any information provided within this report. We have relied in a number of areas on information provided by the client and have not undertaken additional independent verification of this data.

DRAFT