



# Feasibility Study on Regional Fitness and Swimming Centre

Peterborough Investment Partnership

September 2020

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# Document control

## Amendment History

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## Sign Off List

Name	Position	Date	Remarks/changes
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## Executive Summary

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- 1 Peterborough City Council's Regional Fitness and Swimming Centre (RFSC), also known as Regional Pool, was built in 1976, last refurbished in 2011 and is considered to be coming to the end of its useful operational life.
- 2 In March 2020, Paul Weston Architect (PWA) was appointed by Peterborough Investment Partnership (PIP) to undertake an initial high-level options appraisal for the replacement of RFSC on the Pleasure Fairs Meadow site in Peterborough. The Sport, Leisure and Culture Consultancy (SLC) were appointed by PWA as sub-consultants to support this work.
- 3 Based on this Stage 1 Options Appraisal, a requirement for more detailed feasibility work was identified in order to further explore the need for a replacement for RFSC and to develop the overall business case in more detail. SLC has subsequently been appointed by PIP, working in partnership with PCC, to undertake further detailed feasibility work through delivery of the following workstreams:
  - ▶ Review the Council's existing Indoor Built Facilities Strategy (IBFS) including the detailed Needs Assessment and Sport England Facilities Planning Model reports and consider the outputs in light of any subsequent facility developments / closures
  - ▶ Focused engagement with selected stakeholders including National Governing Bodies of Sport and Vivacity to gather further evidence on specific areas of need
  - ▶ Identify / confirm the Essential and Optimal facility mixes based upon the current state review and needs analysis, and amend existing layout drawings, site plans and development cost estimates if required
  - ▶ Develop a baseline financial model to establish the likely cost of "do nothing" in order to inform the overall business case. This is to be informed by further condition survey work to identify future medium / long term lifecycle costs of the existing facility.
  - ▶ Develop 15-year revenue business plans for the Essential and Optimal facility mix options which identify the projected income to be generated by specific facility areas and activities, and the expenditure associated with these activities alongside the overall operational costs of the new facility.
- 4 SLC's review of the existing RSFC has revealed that the overall level of usage and income is relatively typical for a facility of the age and condition of RFSC and there is no evidence of a significant decline over the past 3 years. Usage and financial performance is, however, significantly below what would be expected from a comparable modern leisure facility in a number of key areas.
- 5 Health and fitness membership and income levels are well below the level which would typically be expected for a facility of this size and whilst there is competition locally, it is likely that this is to a large extent due to the availability of more attractive and better value alternatives elsewhere. An improved facility with a health and fitness offer of a similar scale would typically generate substantially higher membership and income levels.
- 6 Swimming lessons income has grown with an expansion of the programme in recent years, although this has resulted in some loss of casual swimming income. The number of swimming lesson pupils for a facility of this scale, however, remains relatively low and the latent demand assessment previously undertaken suggests there is potential for further expansion of the programme subject to capacity of the pools and specifically, the availability of shallow water space.

- 7 Casual pool admissions have fallen which is considered to be partly due to a reduction in public swimming sessions to accommodate more swimming lesson provision, as well as the deteriorating quality of the facilities, particularly the changing areas.
- 8 Consultation with stakeholders has revealed significant capacity issues at RFSC in terms meeting demand for pool space to support the combination of requirements for swimming lessons, casual lane swimming, schools and club use. There is a need for additional shallow water space to meet growing demand for the swimming lessons programme which has almost doubled in recent years. There is also a requirement for additional main pool space to accommodate the needs of the high performing City of Peterborough Swimming Club and other clubs in the surrounding area from which there is high demand for training space.
- 9 The centre manager at RFSC reports that the decline in recent years of health and fitness memberships and income is partly due to local competition but primarily due to the age, quality and condition of facilities at RFSC and the lack of suitable space to develop the exercise class programme. They note that the limited overall offer at RFSC, poor quality changing provision and 'customer journey' restricts the appeal and believe there is strong potential to develop a more diverse leisure offer which appeals to a wider audience, particularly children, young people and families.
- 10 Swim England are very supportive of an increase in main pool provision beyond the 6 lanes currently provided at RFSC. This would enable the swimming club to develop further and provide an opportunity to host higher level competitions.
- 11 A review of the detailed Needs Assessment report which underpins the Council's Indoor Built Facilities Strategy (IBFS) and the Sport England Facility Planning Model (FPM) reports which support them has been undertaken as a check and challenge against the facility mix recommendations for core facility types (swimming pools, health and fitness and sports hall provision) included in the Stage 1 Options Appraisal.
- 12 The review has demonstrated that, whilst the 9 lane x 25m shortfall stated in the IBFS does not provide the full picture, there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. Existing facilities are already under significant strain from a capacity perspective and the age and declining quality of RFSC will exacerbate that situation by displacing demand to other, more attractive facilities in the area.
- 13 In order to deliver a swimming programme which meets the needs of the full range of users, a replacement facility will need to provide an increase in water space and it will need to be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular.
- 14 With regard to health and fitness provision, SLC's latent demand assessment, the IBFS and the more detailed Needs Assessment all come to the same conclusion with regard to the existence of a theoretical oversupply of provision in the area, as is the case in most places in the UK. However, the IBFS and Needs Assessment also concur with SLC's view that this should not translate into the exclusion of health and fitness provision from new leisure provision, given its vital role in an overall leisure centre membership offer and its ability to generate income. Given the level of competing provision in the market, membership assumptions within the business plan will need to be set with this in mind but balanced by the strength of appeal of a new, large-scale leisure centre offer and the potential impact of the Covid-19 pandemic on competing supply.
- 15 Sports hall provision has only been included in the optimal facility mix in the form of a 4-court sport hall. The IBFS Needs Assessment and FPM report are clear that there is some pressure on existing supply, but that most unmet demand is locational rather than the result of a lack of overall capacity. Population growth will further exacerbate existing capacity issues, so additional provision does need to be considered, although the extension of opening hours at existing

facilities would provide a more cost effective option if considered to be feasible. Given the likely lower return on investment potential of a sports hall and the limitations of the site in terms of footprint, its inclusion in only the optimal facility mix is justified.

- 16 As part of the Stage 1 Options Appraisal, Essential and Optimal facility mix options were developed as shown in Figure 6 below.

**Figure 1: Proposed Facility Mix – Essential and Optimal options**

Existing Regional Swimming & Fitness Centre	New Build – Essential Mix	New Build – Optimal Mix
25m 6-lane main pool with 300 spectator seats	25m 8-lane main pool with 300 spectator seats	25m 8-lane main pool with moveable floor and 300 spectator seats
17m x 6m teaching pool	15m x 10m teaching pool	17m x 15m teaching pool with moveable floor
12.5m x 12.5m diving pool	Not included	Not included
None	Not included	350 sqm leisure water with flume, water features and toddler splash zone
Sauna and steam	Sauna and steam and relaxation area	Sauna and steam, relaxation area and treatment rooms
90 station gym	150 station gym	175 station gym
2 x exercise studios – 20 and 25 person capacity	2 x exercise studios (with moveable partition between) – both 40 person capacity	2 x exercise studios (with moveable partition between) both 40 person capacity 1 x smaller yoga/pilates studio - 20 person capacity
1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity
		4-court sports hall
		Softplay
		Clip n Climb
	Café – 50 covers	Café – 75 covers

- 17 The needs analysis work supports these proposed facility mix options and has identified no evidence to suggest that these options should be altered.
- 18 Layout drawings and site plans for both facility mix options were developed as part of the Stage 1 Options Appraisal which, given the findings above, are still applicable and can be used to inform the financial modelling of options. A cost for fittings, furniture and equipment, including gym equipment, has been added to the previous budget cost estimates by cost consultants Castons in order to further inform the financial modelling.
- 19 The layout drawings, site plans and budget cost estimates are provided within PWA’s full report on the Stage 1 Options Appraisal in Appendix D. The total development costs excluding land purchase and including inflation based on a start on site in March 2022 are as follows:
- ▶ Essential Mix: £21.14M
  - ▶ Optimal Mix: £31.26M
- 20 Land purchase, developer profit and developer finance cost estimates are applied to these budget cost estimates to provide overall developments costs which inform the capital financing requirements that are subsequently built into the financial modelling.
- 21 SLC has developed a detailed financial model for a replacement facility based on the development of the Essential and Optimal facility mixes, forecast over a 15-year period and factoring in capital financing and lifecycle costs to understand the overall return on investment. This is then compared with the Council’s alternative options, namely the retention and eventual closure of the existing RFSC, and retention and eventual replacement of RFSC in 10 years’ time.

- 22 The options considered through the financial modelling are summarised as follows:
- ▶ **No Replacement** – RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is closed and not replaced
  - ▶ **2031 Replacement** – RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is replaced by new facility with the Essential facility mix at an indeterminate site
  - ▶ **Essential** – RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Essential facility mix at the Pleasure Fair Meadows site
  - ▶ **Desirable** – RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Optimal facility mix at the Pleasure Fair Meadows site.
- 23 This approach has been taken to demonstrate the relative costs of each option over the next 15-years. The Essential and Optimal facility mix models have also been extrapolated out over a 40-year capital repayment period to assess the capacity of the proposed facilities to cover the development costs over their expected lifespan.
- 24 The financial modelling has also included a comparison between different management models, including a multi-site external operator model and a Local Authority Trading Company model.
- 25 Table ES1 shows a comparison of the options based on 15-year totals. This demonstrates that all options would require a subsidy from the Council or for alternative sources of capital funding to be found to reduce the borrowing requirements. The lowest cost option over the 15-year period is the Essential option, operated under an external operator at a total cost of £10,081,420.
- 26 Whilst this is a significant funding gap, if the Council believes that the facility will need to be replaced once it reaches the end of its usable life, this option actually represents a saving of c. £9.4M compared with the 2031 replacement option.
- 27 Due to its lower capital cost requirements, the Essential option offers marginally the best value option over a 15-year period. However, if the figures are extrapolated with adjustments for inflation over a 40 year period from the development of a new facility, the Optimal option has a smaller overall funding gap of £12.8M compared with £17.8M for the Essential option.

**Table ES1: Comparison of Options**

Options Comparison - 15 Year Total	2031 Replacement		No Replacement		Essential		Optimal		2031 Replacement		Essential		Optimal	
Replacement Facility Operating Model	External	LATC	LATC	External	External	LATC	LATC	LATC	LATC	LATC	LATC	LATC	LATC	LATC
Income	£29,095,971	£11,965,838	£44,679,443	£64,200,755	£27,386,663	£40,610,799	£58,179,980							
Expenditure	£28,938,187	£15,587,838	£34,286,612	£45,905,679	£29,304,852	£35,117,449	£47,135,340							
<b>Operational Surplus /</b>	<b>£157,784</b>	<b>(£3,622,000)</b>	<b>£10,392,831</b>	<b>£18,295,076</b>	<b>(£1,918,189)</b>	<b>£5,493,351</b>	<b>£11,044,640</b>							
Other Costs	£4,943,398	£2,887,288	£5,689,357	£8,031,915	£5,547,885	£7,079,263	£10,117,663							
Capital / Lifecycle Costs	£14,663,861	£6,676,097	£14,784,893	£21,577,023	£14,663,861	£14,784,893	£21,577,023							
<b>Net Surplus / (Subsidy) incl. capital</b>	<b>(£19,449,475)</b>	<b>(£13,185,385)</b>	<b>(£10,081,420)</b>	<b>(£11,313,862)</b>	<b>(£22,129,935)</b>	<b>(£16,370,805)</b>	<b>(£20,650,047)</b>							
Saving compared with 2031 replacement	n/a	£6,264,090	£9,368,055	£8,135,613	(£2,680,460)	£3,078,670	(£1,200,572)							
<b>40-Year Net Surplus /</b>	<b>n/a</b>	<b>n/a</b>	<b>(£17,767,335)</b>	<b>(£12,771,278)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>							

- 28 The key conclusions arising from the feasibility study on the replacement of RFSC are as follows:
- a) The current state review of the existing RFSC shows that overall level of usage and income is relatively typical for a facility of the age of RFSC and there is no evidence of a significant decline in financial performance over recent years. However, usage and financial performance is significantly below what would be expected from a comparable modern

leisure facility in a number of key areas. This is considered to be largely as a result of the poor condition and quality of facilities at RFSC

- b) The needs analysis has demonstrated that there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. This is apparent through desktop studies and is supported by the engagement undertaken with key stakeholders Vivacity and Swim England
- c) Any replacement facility will need to provide an increase in water space and be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular
- d) Whilst desktop analysis has indicated a theoretical oversupply of health and fitness facilities in the city, the inclusion of a high quality, suitably sized gym facility with accompanying exercise studio provision would still be highly recommended for any new leisure facility and would expect to capture a strong share of the existing market.
- e) There is demand for additional sports hall provision in Peterborough as demonstrated through the Sport England Facility Planning Model report and Indoor Built Facilities Strategy
- f) The results of the needs analysis supports the facility mix options developed as part of the Stage 1 Options Appraisal and has identified no evidence to suggest that these options should be altered.
- g) Taking into account the repayment of lifecycle costs identified through condition surveys, the total cost of continuing to operate the existing RFSC over the remainder of its usable life is c. **£13.2M**.
- h) Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs and lifecycle costs for the new facility, the total cost over a 15-year period of replacing RSFC when it comes to the end of its usable life in 2031 is c. **£19.4M**
- i) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Essential facility mix option is c. **£10.1M** under an external operator management model or c. **£16.4M** under the LATC model
- j) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Optimal facility mix option is c. **£11.3M** with an external operator management model or c. **£20.7M** under the LATC model.

29 The recommendations for the Council are as follows:

- ▶ Assuming that the Council agree that there is a strategic need to replace the facility at some point and that it would be unacceptable to allow the facility to close without replacement, best value would be achieved by making that investment immediately rather than sinking further cost into sustaining an old, inefficient and suboptimal facility
- ▶ Of the two facility replacement options, there is little difference in the total cost over 15 years with the Optimal option being slightly more expensive over the period. This option does, however, provide a much more significant level of provision for a relatively small increase in overall cost, so the Council should consider this to be the best value option. This is further supported by the fact that over a longer period, the Optimal option is likely to prove to be a less costly option than the Essential facility mix, as demonstrated by the extrapolation of costs over a 40-year period
- ▶ The modelling clearly indicates that external management by a multi-site provider would be the most financially advantageous operating model. However, the Council may wish test this further through a more detailed options appraisal which considers the whole of the Council's leisure portfolio and which also assesses the non-financial implications of different management models.

# 1. Introduction

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## Background context, previous work and key required outputs of the study

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### 1.1 Background

- 1.1.1 Peterborough City Council's Regional Fitness and Swimming Centre (RFSC), also known as Regional Pool, was built in 1976, last refurbished in 2011 and is considered to be coming to the end of its useful operational life. It is expected that it will need to be replaced or be subject to major renovation and refurbishment within the next 5 – 10 years, with the latest condition survey recommending c. £6m of work over the next decade, the majority of which (c. £4.5m) is required in the next two years.
- 1.1.2 RFSC is an outdated facility which fails to meet modern expectations in terms of design and overall quality of provision. Essentially a swimming pool with some fitness facilities, it has a limited offer compared with modern, multi-use leisure facilities. Poor quality changing facilities and a disjointed layout over three levels makes it uninviting and provides for a poor 'customer journey' and overall experience.
- 1.1.3 Previous studies have identified that the city has a relatively poor supply of water space in comparison to the national average and the overall quality of pools in the area is a concern, especially with a view to provision in the longer term. Publicly accessible pools are considered to be at a capacity, limiting their ability to meet existing and future demand for swimming activities.
- 1.1.4 Despite the age and condition of RFSC, it facility remains well used and plays a critical role in providing publicly accessible swimming pool space for Peterborough residents, local schools, colleges and community groups and is also home to the city's thriving and high performing swimming club.
- 1.1.5 Low energy efficiency and high operating costs together with the extensive lifecycle works identified through the condition surveys means that RFSC is reaching the end of its economic life. This combined with the importance of publicly accessible swimming pool space and identified need for future provision means that the strategic case for a replacement facility is clear.

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### 1.2 Stage 1 Options Appraisal

- 1.2.1 In March 2020, Paul Weston Architect (PWA) was appointed by Peterborough Investment Partnership (PIP) to undertake an initial high-level options appraisal for the replacement of RFSC on the Pleasure Fairs Meadow site in Peterborough. The Sport, Leisure and Culture Consultancy (SLC) were appointed by PWA as sub-consultants to support this work.
- 1.2.2 Two distinct facility mix options were identified by PWA and SLC based on the existing facilities at RFSC, the findings of Peterborough City Council's (PCC) Indoor Built Facilities Strategy and a high level supply and demand assessment of additional "non-core" facilities (i.e. climbing, soft play, indoor assault courses), and developed through discussion with officers from the Council.
- 1.2.3 Site plans and layout drawings for both of the agreed facility mix options were developed to demonstrate how the options could work on the site and budget cost estimates produced to identify the overall likely development costs. A high level business plan showing the projected income and expenditure for each facility mix was also developed which was compared with the "do nothing" option of continuing to operate the ageing RFSC.

- 1.2.4 A copy of PWA's report on the Stage 1 Options Appraisal is provided as an appendix to this report.
- 1.2.5 This initial high-level options appraisal was not informed by detailed needs assessment work and SLC was subsequently commissioned by PIP to undertake a further latent demand assessment to supplement the evidence base for a replacement facility.
- 1.2.6 The findings of this assessment can be summarised as follows:
- ▶ An oversupply of health and fitness provision equivalent to 757 stations at current population levels and 646 stations in 2025 was identified within the catchment of RFSC. Whilst this suggests that there is not demand for additional health and fitness provision, the inclusion of a high quality, suitably sized gym facility with accompanying studio provision would still be highly recommended for the new leisure centre development given the trends in participation growth and the potential impact of the COVID-19 pandemic both on competing supply and demand
  - ▶ The latent demand assessment showed a small oversupply of general swimming provision within the catchment equivalent to 250 SQM at current levels and 163 SQM in 2035. This contrasts with the City's Indoor Built Facility Strategy and Facility Planning Model (FPM) findings which suggested a shortfall equivalent to 9 x 25m lanes. However, SLC's assessment is based on peak time capacity for general swimming, but actual peak time capacity is likely to be reduced due to the programming of other swimming pool activities (e.g. lessons and swimming club sessions etc.) during these times
  - ▶ The proportion of local swimming demand which relies on local authority provision compared with alternative commercial leisure club facilities will also place added pressure on water space capacity at Council facilities
  - ▶ The latent demand assessment showed a significant current undersupply of swimming lesson provision equivalent to 2,579 pupils falling to 1,983 pupils in 2035. This suggests there would be significant potential for a strong swimming lesson programme at a replacement facility, and the configuration and programming of any water space provision should be considered accordingly. This also supports the need for significant main pool water space which can provide additional capacity for swimming lessons in addition to general swimming capacity
  - ▶ The current RFSC also plays an important role in meeting need from schools for school swimming lesson provision which would need to be reprovided at a new facility in the event of its replacement
  - ▶ Given the current demand for water space at RFSC and demand pressures at peak time as suggested by the FPM study, as well as the high levels of unmet demand for swimming lessons, the inclusion of more flexible water space to replace the current provision at RFSC would be recommended.
- 1.2.7 Based on these findings and building on the Stage 1 Options Appraisal, a requirement for more detailed feasibility work was identified in order to further explore the need for a replacement for RFSC and to develop the overall business case in more detail.

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### **1.3 Our Terms of Reference**

- 1.3.1 SLC has subsequently been appointed by PIP, working in partnership with PCC, to undertake further detailed feasibility work through delivery of the following workstreams:
- ▶ Review and analyse usage and financial performance over the last 3 years including health and fitness membership, swim school numbers etc. to identify trends in usage and financial performance of key income streams and any capacity issues / opportunities to meet existing demand as part of the new facility mixes

- ▶ Review the Council’s existing Indoor Built Facilities Strategy (IBFS) including the detailed Needs Assessment and Sport England Facilities Planning Model reports and consider the outputs in light of any subsequent facility developments / closures
- ▶ Focused engagement with selected stakeholders including National Governing Bodies of Sport and Vivacity to gather further evidence on specific areas of need
- ▶ Identify / confirm the Essential and Optimal facility mixes based upon the current state review and needs analysis, and amend existing layout drawings, site plans and development cost estimates if required
- ▶ Develop a baseline financial model to establish the likely cost of “do nothing” in order to inform the overall business case. This is to be informed by further condition survey work to identify future medium / long term lifecycle costs of the existing facility.
- ▶ Develop 15-year revenue business plans for the Essential and Optimal facility mix options which identify the projected income to be generated by specific facility areas and activities, and the expenditure associated with these activities alongside the overall operational costs of the new facility. The projections are to be based on clear assumptions and a strong rationale regarding usage and membership numbers informed by the needs analysis work and tested against industry benchmarks. The financial model will be based upon operation by a multi-site national operator on the assumption that the new facility will be operated under a new management contract, procured through an open market tender process. It will also need to show how this compares with operation under the Council’s planned Local Authority Trading Company model. Finally it will require a sensitivity analysis which tests scenarios of under and over performance.

## 1.4 Structure of our Report

1.4.1 The remaining sections of this feasibility study report have been structured to meet the requirements of the project brief, as shown in Table 1.

**Table 1: Report Structure**

Section	Key Content or Output	
2	Current State Review	Review of historical financial performance and usage trends of RFSC
3	Stakeholder Engagement	Results of engagement with key stakeholders – Vivacity and Swim England
4	Supply and Demand Analysis	Review of the Council’s Indoor Built Facilities Strategy and Sport England’s Facility Planning Model reports
5	Key Conclusions from Needs Analysis and Implications for Facility Mix Options	Key conclusions arising from current state review, stakeholder engagement and supply and demand analysis and implications for the proposed facility mix options
6	Financial Modelling of Options	15-year revenue business plans for facility mix options and comparison with ‘do nothing’. Overall business case / return on investment taking account of capital financing costs.
7	Conclusions and Recommendations	Key conclusions from feasibility study and recommendations to the Council.

1.4.2 Supporting information is included in a series of Appendices.

## 2. Current State Review

### Review of historical financial performance and usage trends of RSFC to inform the assessment of need

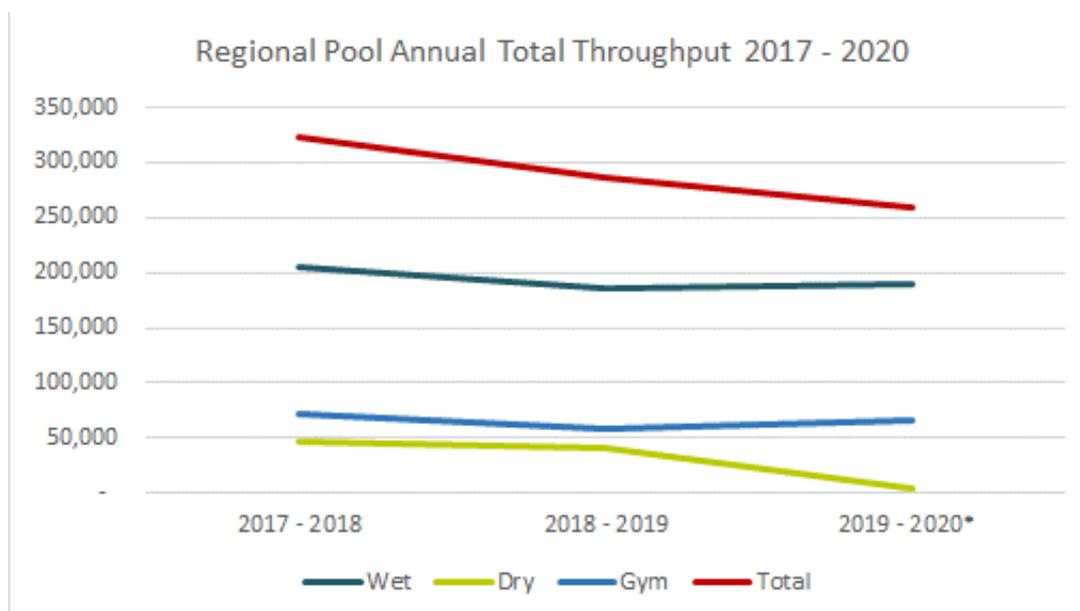
#### 2.1 Introduction

- 2.1.1 In order to supplement the needs assessment work undertaken as part of previous workstreams, SLC has undertaken a high level review of the performance of RFSC in recent years. This includes a review of the membership numbers and throughput of the existing facility, as recorded by the operator Vivacity, and the financial performance of the facility.
- 2.1.2 This is designed to inform an understanding of the trends in the usage and financial performance of the facility over recent years, potential issues around capacity and demand, and the extent of the existing user base which would be likely to transfer to a new replacement facility.
- 2.1.3 The review is based upon information provided by Vivacity for the years 2017/18, 2018/19, and 2019/20 (up to the end of February 2020 and extrapolated to provide an estimated full year's figures). The assessment is to some degree restricted by Vivacity's own data collection and recording methods which dictate the level of detail available.
- 2.1.4 Where possible and appropriate, comparisons with typical or comparable leisure facilities have been made, drawing on SLC's experience and understanding of leisure operations.

#### 2.2 Usage and Memberships

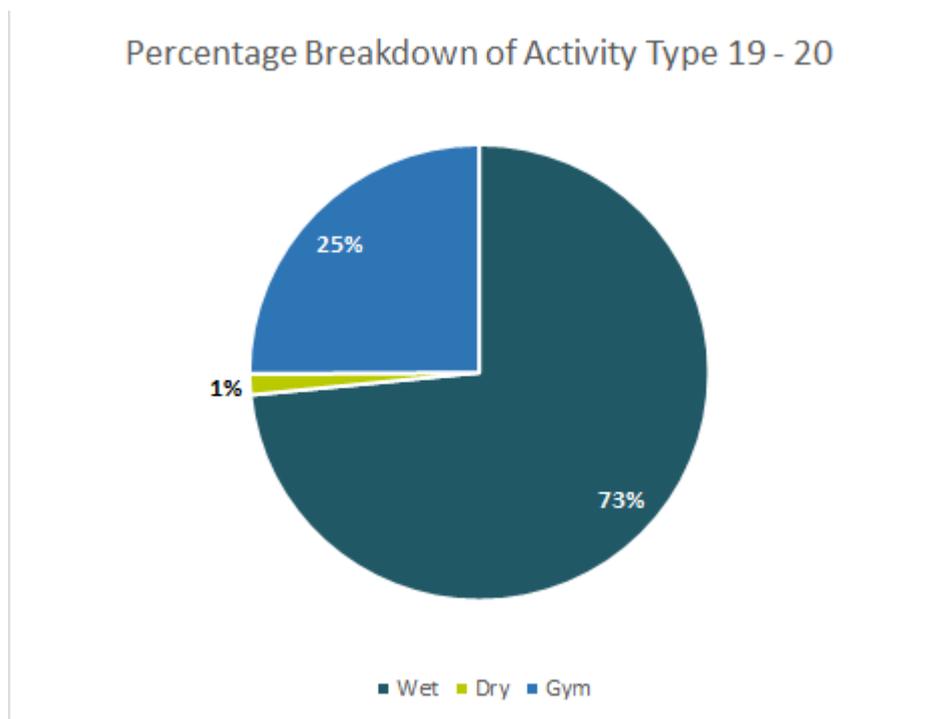
- 2.2.1 Figure 2 shows the trend of usage levels at RSFC including swim academy (lessons) and school swimming throughput over the past 3-year period. This demonstrates a decline in usage levels over the period, albeit not a steep one. Swimming academy, gym admissions and other areas of wet and dry throughput all show a decline over the period, although wet and gym usage appear to have stabilised between 2018-19 and 2019-20.

**Figure 2: Total Annual Usage - 2017 - 2020**



- 2.2.2 The largest decrease in activity appears to be for “dry” activities which include room hires, classes, personal training and spectators. Whereas in previous years, classes throughput is shown at c. 35K, no throughput is shown for 2019-20 and there is no corresponding increase in usage elsewhere. This may therefore be an anomaly in the recording of throughput data for 2019/20 which is perhaps overstating the apparent decline.
- 2.2.3 Overall the total throughput figures show a 20% decrease over the period, although this falls to c. 8% if the anomalous “dry” throughput figures are discounted. This level of decline is not unexpected in a facility of the age and condition of RFSC, where existing customers are more likely to be attracted to newer, higher quality facilities elsewhere in the area.
- 2.2.4 Figure 3 shows the proportion of throughput attributable to different facility areas based on 2019/20 data. If “dry” throughput were included at previous levels of c. 35K the split would be closer to 66% wet, 22% gym, 12% dry, but this demonstrates the heavy emphasis on RFSC as a swimming facility first and foremost. Over 1/3 of swimming activity at the facility is from the swimming academy / school swimming programme which had c. 75K attendances last year. This demonstrates the importance of the facility from a learn to swim perspective and in terms of its role in providing publicly accessible water space.

**Figure 3: RFSC 2019-20 Throughput by Activity Type**



- 2.2.5 The level of swimming throughput (c. 190K per annum) is reasonable for a swimming facility of this size, albeit modern facilities typically achieve significantly higher throughput levels of 300K plus visits per annum. The number swimming lesson pupils (1070) is relatively low for a medium-sized swimming facility such as RFSC with a dedicated teaching pool, albeit the average number of swim academy students has increased over recent years along with an expansion of the number of lessons, suggesting that there remains good levels of demand.

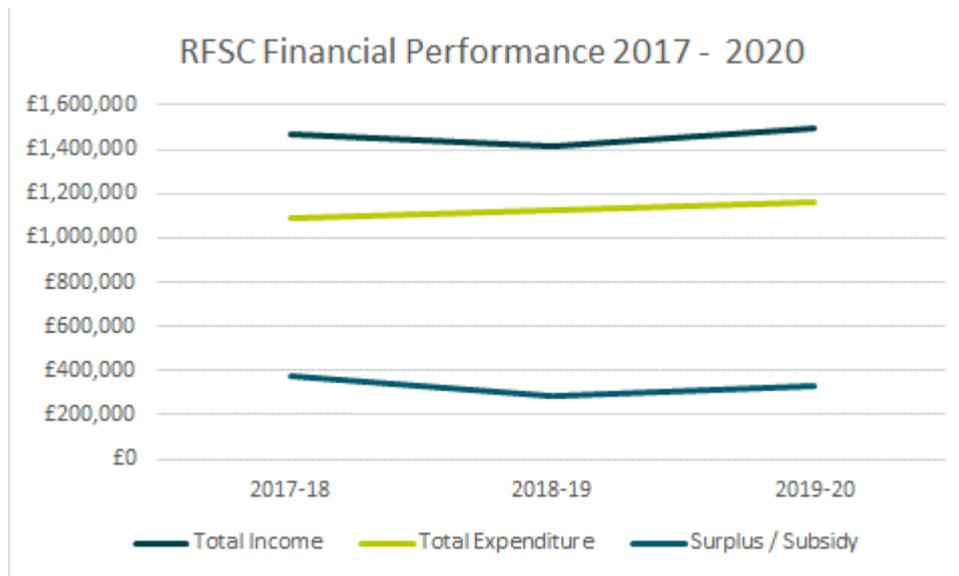
- 2.2.6 Gym admissions at c. 65K are very low for what would be expected for a facility of this size. An 85-station gym would typically expect to have in excess of 2,000 members and c. 100K visits per year. Membership numbers have been in decline over recent years from c. 1,800 in 2016-17 to c. 1500 currently. At under 18 members per station, this is significantly below expected levels. A membership base of a minimum of 22-25 members per station would be typical for a facility like RFSC and more like 28-30 members per station for a high performing facility. Given the increasing importance of a strong group exercise programme as part of a good quality health and fitness offer, it is likely that the limited programme at RFSC, due to the limited studio space, is contributing to the low membership numbers.
- 2.2.7 It is likely that the relatively low usage levels overall reflect, to a large extent, the ageing nature of the facility and its declining appeal to users with more attractive alternatives to choose from, particularly in terms of health and fitness provision.

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## **2.3 Financial Performance**

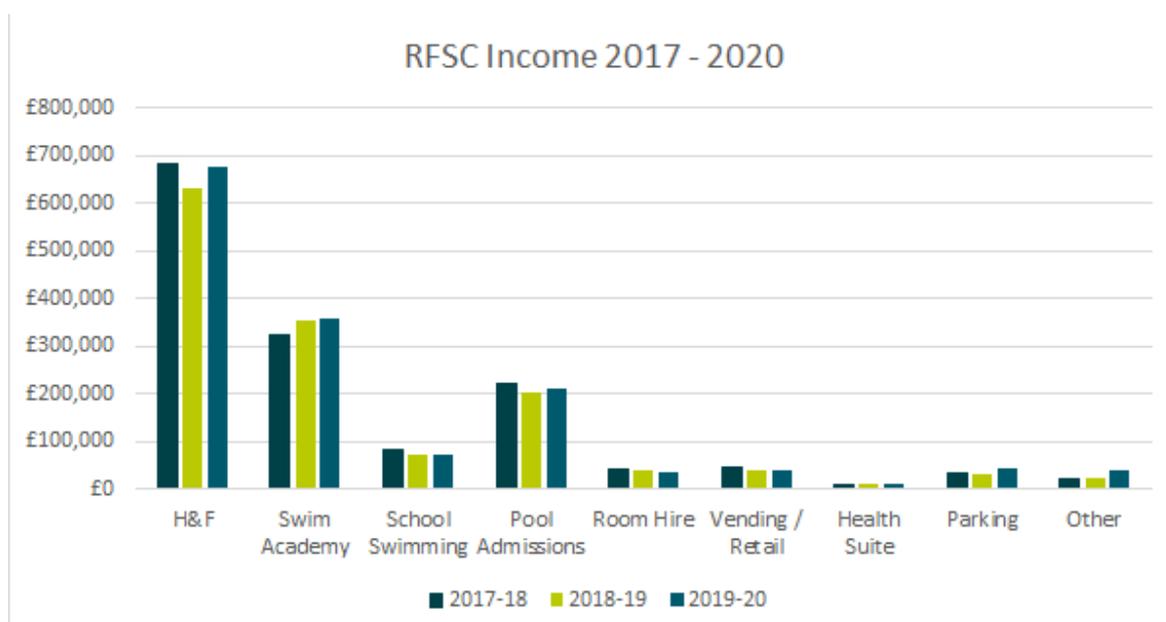
- 2.3.1 SLC has been provided with copies of Vivacity's management accounts to inform a review of the recent financial performance of the facility. It should be noted that Vivacity treated the swimming academy as a separate cost centre, so whilst specific swim academy income is attributable to RFSC, expenditure is allocated on a proportionate basis (55% of total). It is also important to note that the figures for RFSC do not appear to include discernible central / support service costs (central management, payroll, HR, I.T., Health and Safety etc.) nor do they include utilities and significant maintenance items which are the responsibility of the Council currently. Utility costs for the facility are understood to be c. £150k per annum.
- 2.3.2 Figure 4 shows a summary of RFSC's financial performance over the past 3-year period, based on Vivacity's figures, with 2019/20 figures having been extrapolated out from the 11 months of data received in order to provide comparable figures.
- 2.3.3 This shows a surplus level of last year of c. £331K taking into account income and estimated expenditure from the swimming academy. The surplus in 2017/18 was higher at c. £372K from a similar income position and reduced expenditure (particularly staff costs). The 2019/20 figures show an overall improvement from the previous year of c. £44K.
- 2.3.4 With budgeted maintenance and lifecycle expenditure in 2019/20 of c. £115K and typical utility costs of c. £150K, this leaves a modest surplus of c. £66K. However, as noted above, there are no central support costs attributed to the accounts and once these are included it would likely shift this into an overall deficit position. Given the age of the facility, it is very likely that in the coming years income will fall as the appeal of the facility is diminished, and maintenance and running costs will increase, further increasing this deficit.

Figure 4: RFSC Financial Performance



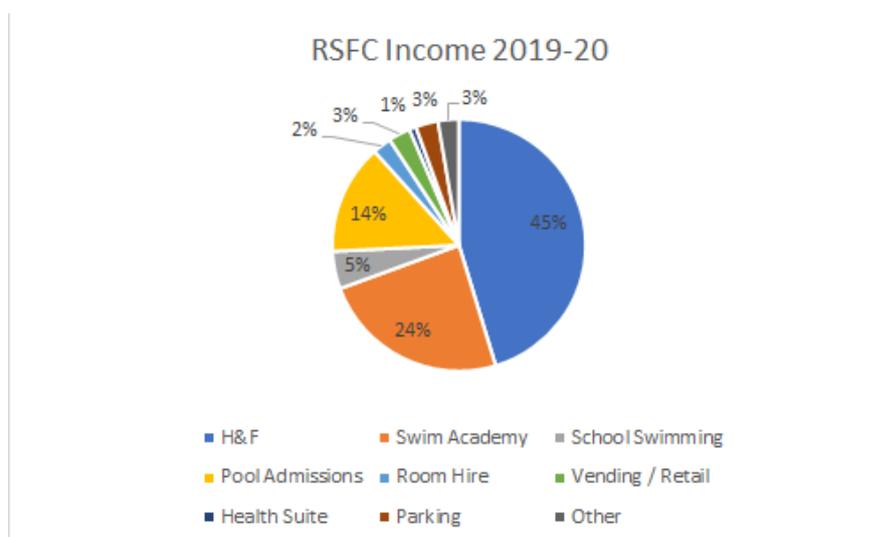
- 2.3.5 Figure 5 shows trends in different areas of income over the last 3 years. Health and fitness income including membership income, is the most significant income stream at RFSC and has fallen over the period, albeit 2019-20 shows a partial recovery from the c. £50K fall in income the year before.
- 2.3.6 As with usage and membership numbers, health and fitness income is below what would be expected for a facility of this scale with c. £8K per station when £10K+ would be a more typical return.
- 2.3.7 Swim academy income is the second most significant income stream and one which has experienced growth over the period. This has been an area targeted by Vivacity and the increased income reflects an expansion of the swimming lesson programme at RFSC. SLC has identified this as an area of strong latent (unmet) demand; a position which is supported by evidence of recent growth in lessons at RFSC.

Figure 5: RFSC Income 2017 - 2020



- 2.3.8 Pool admissions have fallen slightly over the last 3 years. This is believed by the centre manager to be as a direct result of the expansion of the swimming lesson programme and a lack of investment into equipment such as inflatables to encourage more family swimming. It was also suggested that the programming of additional casual swimming sessions is limited to some extent by the pool space required by the City of Peterborough Swimming Club (COPS).
- 2.3.9 Other areas of income are relatively stable, with small increases in parking, health suite and other income over the period. The minimal level of vending / retail income is notable. A café offer would normally be a core component of a leisure centre offer, particularly one with a significant swimming lesson programme and family offer and one which plays host to swimming galas with large numbers of spectators.

**Figure 6: RFSC 2019-20 Income**



- 2.3.10 Figure 6 demonstrates the reliance on the gym and pool within the current facility mix. Health and fitness memberships and casual health and fitness income contribute 45% of total income and swimming makes up a further 43%. This is to be expected from a facility with a core offer of swimming and fitness but a more diverse facility mix could draw on a wider range of income streams and serve a more extensive customer base.
- 2.3.11 Staffing is the biggest cost of any public sport and leisure facility. However, the staffing costs at RFSC are relatively high at over 61% of income when c. 50-55% would be more typical for a wet and dry leisure centre. It is likely therefore, that there is significant scope for a replacement facility to be operated more efficiently from a staffing perspective. However, it may also be the case that this percentage is more of a reflection of relatively low income and the proportion of water space within the facility and inefficient layout of an older building will also contribute to the proportionally high staffing costs. Either way, a new well designed facility will support the opportunity to improve staffing cost efficiency.

## 2.4 Summary

- 2.4.1 The overall level of usage and income is relatively typical for a facility of the age and condition of RFSC and there is no evidence of a significant decline over the past 3 years. Usage and financial performance is, however, significantly below what would be expected from a comparable modern leisure facility in a number of key areas.

- 2.4.2 Health and fitness membership and income levels are well below the level which would typically be expected for a facility of this size and whilst there is competition locally, it is likely that this is to a large extent due to the availability of more attractive and better value alternatives elsewhere. An improved facility with a health and fitness offer of a similar scale would typically generate substantially higher membership and income levels.
- 2.4.3 Swimming lessons income has grown with an expansion of the programme in recent years, although this has resulted in some loss of casual swimming income. The number of swimming lesson pupils for a facility of this scale, however, remains relatively low and the latent demand assessment previously undertaken suggests there is potential for further expansion of the programme subject to capacity of the pools and specifically, the availability of shallow water space.
- 2.4.4 Casual pool admissions have fallen which the centre manager suggests is partly due to a reduction in public swimming sessions to accommodate more swimming lesson provision, as well as a lack of investment. A larger facility, particularly one with a moveable floor, would have the capacity to deliver a substantially expanded swimming lesson programme without compromising public swimming provision to the same extent. It would also be possible to provide more availability to the City of Peterborough Swimming Club who are also currently competing for water space with the swimming lesson programme and public swimming sessions.

## 3. Stakeholder Engagement

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### Summary feedback from discussion with key selected stakeholders

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#### 3.1 Introduction

- 3.1.1 In order to inform the needs analysis of replacement facility provision and to provide additional context to the desktop review of supply and demand described in Section 4 of this paper, SLC has undertaken focussed engagement with identified key stakeholders.
- 3.1.2 Given the confidential nature of this feasibility work and the sensitivities surrounding it, the level of engagement has been limited to the Council's leisure operator Vivacity and the National Governing Body for swimming, Swim England.
- 3.1.3 This section provides a summary of the feedback provided by these stakeholders.
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#### 3.2 Feedback from Stakeholders

##### Vivacity – General Manager, Regional Fitness and Swimming Centre

- 3.2.1 SLC consulted with the General Manager of RFSC to discuss the challenges associated with the existing facility in terms of capacity and any opportunities that should be considered for any new facility provision. This discussion was supplemented by a written response to a series of questions posed by SLC. A summary of the key points arising from the discussion and written response is provided below.

*Are there any particular capacity issues at RP currently? If so, in which areas?*

- ▶ RFSC is an ageing pool and is “stretched to breaking point” struggling to meet demand for pool space to support the combination of requirements for swimming lessons, casual lane swimming and club and school use.
- ▶ Customer ‘journey’ is poor due to current layout of building over three floors and ancillary areas such as changing rooms are unappealing
- ▶ Gym memberships have declined over the past 6 years from a peak of c. 1800 in 2016/17 to c. 1500 currently. This partly due to increased competition, mainly Premier Fitness in Hampton and budget gyms within the city centre. Also due to age, quality and condition of facility. An improvement in facilities would allow for a higher membership base and increased gym – c. 125 stations+
- ▶ RFSC has two studios which host a variety of classes but popular classes reach capacity very quickly so additional studio space is required
- ▶ Pay as you go (casual) swim admissions have also decreased over the last 4 years which is believed to be a direct impact of the successful growth in swimming lessons and the lack of investment into equipment such as inflatables to encourage more family fun swimming. A larger pool (8 lanes) would be able to accommodate more lessons, more public swimming and increased capacity for City of Peterborough Swimming Club (COPS) who require more pool space/time.
- ▶ The existing teaching pool gets up to capacity very quickly and increased capacity of this alongside a larger main pool would allow for fewer lessons in the main pool which would increase public availability or other sessions, including school sessions for which there is strong demand

- ▶ A larger main pool would also mean COPS would be able to host higher tiered galas.
- ▶ The swimming lesson programme has grown significantly in recent years from c. 650 in 2014/15 to the current figure of c. 1070 with c. 200 on the waiting list and a number of 'bottlenecks' at certain stages. There is sufficient demand to "double the swimming lesson programme".
- ▶ The showers and changing room design is a key weakness and puts off many workers and commuters using RFSC. The current separate male and female wet change is not ideal and a changing village would be very beneficial for swimming lessons and school swimming with the emphasis now on safeguarding children and vulnerable adults as well as the current social distancing requirements.

*Linked to above, is there demand for additional space, activities or services which you're currently unable to meet due to the constraints of the existing RP layout/size?*

- ▶ There is demand for more free weights and functional training activities in the right surroundings such as a 'CrossFit' area. This would not only attract new and different users but also provide opportunities for more personal training.
- ▶ Additional exercise studio space including a dedicated spinning (group cycling) studio with interactive or on demand sessions would also attract more use and help to diversify the offer
- ▶ A flexible, multi-use room which could be used for meeting space, birthday parties, ad hoc bookings and galas would be highly beneficial. Currently such use has to be accommodated in the exercise studio which impacts upon the class programme and subsequent income generation.

*What's your view on the local market for key income streams such as health and fitness and swimming lessons?*

- ▶ The immediate competition for RFSC is the budget gym market and RFSC is unable to compete on price with this market. However, RFSC does have the benefit of pool provision as part of a more diverse offer but the current age and condition of facilities makes it difficult to compete. RFSC attracts a large number of older users and this should continue to be a key target market in the future.
- ▶ Swimming lessons is a significant income generator with potential to grow. However, the current size of the pool and its configuration does not allow for growth without impacting upon public swimming sessions.
- ▶ Health and wellbeing services bring in some additional daytime use and income through the studios - the NHS and our internal H & W department run sessions throughout the week. Increased studio space could help to extend and diversify this offer.

*Do you have any thoughts on additional complementary provision such as soft play, clip and climb etc. supported by café provision?*

- ▶ Trending activities such as these would be great to attract new and different users and would enable birthday parties etc. as part of a more diverse offer and to give it more of a 'destination' feel to increase dwell time and secondary spend e.g. café.
- ▶ There is definitely strong market potential for an increased offering for children and teens in Peterborough as well as the option of corporate activities and there would likely be a captive audience as there is not much of this type of activity locally.

**Swim England – Leanne Brace, Development Manager East Region and Ryan Davies, Facilities Officer**

- 3.2.2 SLC held a virtual meeting with Leanne Brace and Ryan Davies from Swim England to seek their views of swimming provision currently in the area, challenges associated with the existing RSFC and opportunities for consideration as part of any new development of swimming facilities.
- 3.2.3 The discussion was supplemented by a written response to a series of questions posed by SLC. A summary of the key points arising from the discussion and written response is provided below.

*Are you able to provide an overview of swimming facilities provision in the area. Any identified shortfalls or over-provision?*

- ▶ The water provision for the area shows a deficit of 316m<sup>2</sup> along with an unmet demand of 239m<sup>2</sup>, which would indicate that we should be aiming to provide a similar facility replacement in terms of water volume. Regional Pool currently provides 622m<sup>2</sup> of water space. *Note: SLC understands that this deficit has been identified through the Sport England Active Places Power platform which is a relatively simplistic tool and does not fully explore all factors of supply and demand.*
- ▶ RSFC is one of only three swimming facilities in the district which are open to community on a “pay and play” basis. The others are Jack Hunt Pool and Gym and Stanground Sports Centre.
- ▶ SE note the general trend nationally of a reduction in the provision of deep water space as part of new facility developments. SE would support the inclusion of deep water to cater for water polo, synchronised swimming and diving but recognise that there are no clubs currently delivering these activities at RFSC and the demand is low.
- ▶ An 8 lane pool will provide a wider range of activities along with creating more demand for regional competition use.
- ▶ There are a lack of facilities in the area with sufficient spectator seating to support regional events. Despite the challenges with RFSC, this is a positive aspect of the current provision and means it is well used for events.

*Are you aware of any challenges with capacity of existing pools in the area and specifically the existing Regional Swimming and Fitness Centre in Peterborough? i.e. club use, swimming lessons demand etc.*

- ▶ With the 6 lanes currently, it is difficult to hire to clubs and maintain public use alongside the learn to swim programme. With an increase in lanes to 8 or even 10, this would allow for multiple activities to take place simultaneously.
- ▶ City of Peterborough Swimming Club (COPS) are a very high performing club (in the top ten in the country) who “punch above their weight” and have developed a number of elite swimmers over the years. They currently hire approximately 30 hours per week but there is always a need for more space. COPS do not provide a learn to swim service, so all their programme is concentrated around competitive swimming.
- ▶ There is significant demand for additional pool space from other clubs in the local area. Within a drive time of 30 minutes or less to the pool, there are the following clubs:
  - ▶ March Marlins
  - ▶ Whittlesey SC
  - ▶ Deepings SC
  - ▶ Corby SC
  - ▶ Wellingborough SC
  - ▶ Kettering SC
  - ▶ Chatteris Kingfishers SC

- ▶ South Lincs Competitive SC
  - ▶ Spalding SC
  - ▶ Huntingdon SC
- ▶ Clubs are consistently are looking for more water time to hire, and with a large list of local clubs, and the ease of travel to Peterborough using the A1, A15, and A47 there is demand for more pool time available for the clubs to hire.

*Are there any challenges with the existing provision and layout of swimming facilities at the Regional Swimming and Fitness Centre ?*

- ▶ Pool length is not certified, therefore higher level of competitions cannot be held here as it is not compliant to licensing regulations. It can only host level 4 competitions (the lowest level) but is regularly used due to spectator area seating being available.
- ▶ Poolside is slippery and is often the cause of poolside falls. I have seen a fall each time I attend a competition at the site.
- ▶ The number of showers in the wet changing is very limited, and result in swimmers not being able to use them effectively prior and post training.
- ▶ The cubicles in the wet changing room do not have doors. Instead they have curtains, which causes concern from a welfare point of view for club usage (lack of direct supervision).
- ▶ The layout of the lanes and the deep water space causes complications during competitions as the officials cannot walk the length of the lane, and the starter has to stand on a board over the water.

*Are you aware of any other swimming facility developments planned in the area that will have implications upon the planning for a new facility in Peterborough?*

- ▶ None that we are aware of.

*Is Peterborough considered a priority area for swimming development in the East region?*

- ▶ Peterborough SC is one of the top 10 clubs in the country, and we use Peterborough as one of our regional development sites for talent camps on a regular basis. With better provision, we will be able to deliver more talent camps and workshops in the area.

*What mix of swimming facilities would you ideally like to see in any new, replacement provision?*

- ▶ Of the proposed facility mixes, SE's preference would be for the Optimal Mix to increase the versatility of use.
- ▶ Increased flexibility comes with the addition of moveable floors and the "ultimate mix" would include the addition of a bulkhead, which allows the pool to be split into sections and allows for lessons, lane swimming and deep water activities to take place simultaneously.
- ▶ A certified length pool of 25M with 8-lanes (or 10 if possible) with spectator seating for at least 300 is required. If more spectator seats are possible, perhaps through temporary seating options on poolside, a higher level of competition (often equates to larger numbers of footfall) could be held.
- ▶ Deep water space is being reduced all over the region and if this is removed, it would affect the future of diving, artistic swimming, and water polo in the region. Diving boards are few and far between as it is, and whilst SE appreciates that there is no club making use of the boards at current, by removing them, it would restrict any future possibility of diving to be developed in the area. A moveable floor to a depth of at least 2m would allow for grass roots

artistic swimming and water polo to take place, providing adequate space around the sides of the pool was available for goals to be placed.

- ▶ A meeting room/ adaptable studio, with seated capacity for c. 40 people would allow development workshops to take place regularly, and as RFSC is currently an Assessment Site for delivering Swim England teaching and coaching courses, the room would be regularly hired and provide an additional income stream.

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### **3.3 Summary**

- 3.3.1 Consultation with the current operator, Vivacity and Swim England has revealed significant capacity issues at RFSC in terms meeting demand for pool space to support the combination of requirements for swimming lessons, casual lane swimming, schools and club use. There is a need for additional shallow water space to meet growing demand for the swimming lessons programme which has almost doubled in recent years. There is also a requirement for additional main pool space to accommodate the needs of the high performing City of Peterborough Swimming Club and other clubs in the surrounding area from which there is high demand for training space.
- 3.3.2 Vivacity report that the decline in recent years of health and fitness memberships and income is partly due to local competition but primarily due to the age, quality and condition of facilities at RFSC and the lack of suitable space to develop the exercise class programme. They note that the limited overall offer at RFSC, poor quality changing provision and 'customer journey' restricts the appeal and believe there is strong potential to develop a more diverse leisure offer which appeals to a wider audience, particularly children, young people and families.
- 3.3.3 Swim England are very supportive of an increase in main pool provision beyond the 6 lanes currently provided at RFSC. This would enable the swimming club to develop further and provide an opportunity to host higher level competitions.

## 4. Supply and Demand Analysis

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### 4.1 Introduction

- 4.1.1 The previous options appraisal work drew on the recommendations of the Council's Indoor Built Facilities Strategy (IBFS) which considers at a strategic level the need for sport and leisure facilities to serve the current and future population of Peterborough. The market potential for other "non-core" but complementary leisure facilities such as climbing, indoor assault courses and soft play was also separately assessed.
- 4.1.2 The subsequent needs assessment work undertaken by SLC considered at a more local level the latent demand for key income generating activities – health and fitness, general swimming and swimming lessons. This was based on a localised supply and demand assessment considering the current and future population and competing supply within an identified drive time catchment around the proposed site.
- 4.1.3 The IBFS identified an undersupply of sports halls (4 courts currently, increasing to 13 courts by 2036) and swimming provision (9 x 25m lanes currently increasing to 14 x 25m lanes by 2036), and no modelled shortfall of health and fitness. However, SLC's latent demand assessments suggested an oversupply of general swimming and health and fitness provision, and undersupply of swimming lesson provision.
- 4.1.4 This section sets out the findings of the IBFS in more detail, supported by the Needs Assessment report and Sport England Facility Planning Model Reports on which they are based. This will provide more detail on local elements to the findings which will be of particular relevance to inform the facility mix options for a replacement RFSC.

### 4.2 Swimming Provision

- 4.2.1 The latent demand assessment previously undertaken by SLC showed a small oversupply of general swimming provision within the catchment equivalent to 250 SQM at current levels and 163 SQM in 2035. This contrasts with the IBFS findings which suggested a shortfall equivalent to 9 x 25m lanes based on current population levels.
- 4.2.2 SLC's assessment is based on peak time capacity for general swimming, but actual peak time capacity is likely to be lower due to the programming of other swimming pool activities (e.g. lessons and swimming club sessions etc.) during these times.
- 4.2.3 The proportion of local swimming demand which relies on local authority provision compared with alternative commercial leisure club facilities will also put added pressure on water space capacity at publicly accessible Council facilities.
- 4.2.4 The latent demand assessment undertaken for swimming lessons showed a high current undersupply of swimming lesson provision equivalent to 2,579 pupils falling to 1,983 pupils in 2035. This suggests there would be significant potential for a strong swimming lesson programme at a replacement facility, also supported by the recent growth in the swimming academy programme at the existing RFSC.
- 4.2.5 RFSC is also home to City of Peterborough Swimming Club (COPS), a highly successful club ranked in the top ten in the country and in need of more pool time to continue to meet the needs of its members, grow membership and to provide an important development pathway into competitive swimming.
- 4.2.6 The current RFSC also plays a critical role in meeting need for school swimming lesson provision which would need to be reprovided at a new facility in the event of its replacement.

- 4.2.7 Whilst the pressure from swimming lesson demand and swimming club demand, as well as the limitations of commercial leisure pool provision in meeting demand, place the findings of SLC's latent demand assessment into context, the discrepancy with the findings of the IBFS merits further review.
- 4.2.8 A review of the more detailed IBFS Needs Assessment report and the supporting Sport England Facilities Planning Model (FPM) report on pool provision in Peterborough which informs it, raises the following key points:
- ▶ The 9 lane x 25m shortfall in water space is based on the difference between the total accessible supply (over 20m in length) – 1,678 SQM within the local authority area – and the total supply required to comfortably (i.e. at no more than 70% peak time capacity) meet estimated demand from residents within the catchment – 2,148 SQM
  - ▶ It is estimated that 89.6% of total demand is currently satisfied and that 90.9% of satisfied demand is retained within the local authority area. The 10.4% of demand which is not currently being satisfied equates to c. 4 lane x 25m shortfall, but crucially, of this unsatisfied demand, only 8.9% is as a result of existing pools being full. The remaining 91.1% is as a result of people being outside of the catchment area of an existing facility.
  - ▶ This “locational” unmet demand is spread across the local authority area with no one “hot spot” of unmet demand being evident, albeit the city centre is still the area of highest need. This suggests that it would not be possible to meet all swimming demand simply by increasing water space. This also partially explains the discrepancy between SLC's latent demand assessment and IBFS recommendation as the latent demand assessment considered a city centre catchment encompassing all local supply but not all demand from within the local authority.
  - ▶ The 9 lane x 25m shortfall identified by the IBFS is also deceptive in that it refers only to the ideal supply and demand balance within the local authority area if it is treated in isolation, rather than with reference to imported and exported demand and supply in neighbouring areas.
  - ▶ Having said that, it is clear from the Needs Assessment report and the FPM that there are significant quality and capacity issues at the public swimming facilities within Peterborough which need to be addressed.
  - ▶ The FPM modelling estimates the used capacity of the Council's swimming facilities to average 97% - 100% at Jack Hunt and Premier Fitness, and 94% at RFSC. In contrast, the used capacity at Bannatynes and David Lloyd is 59% and 36% respectively. Anything over 70% used capacity is considered to be uncomfortably full.
  - ▶ Consultation with stakeholders undertaken as part of the IBFS suggests that there is considerable unmet demand locally, especially for learn to swim and swimming club sessions.
  - ▶ The city is home Cambridgeshire's premier swimming club – City of Peterborough Swimming Club – which competes at a high level - in the National Arena League and Premier Division of the East Midlands Section. The club aims to produce national and international swimmers and trains at 5 sites, 2 of which are outside of the Peterborough area (Oundle School and Manor Leisure Centre).
  - ▶ RFSC is one of the club's key training sites, but the age of the pool presents quality issues and the club needs more pool time and space. They are currently at capacity and are unable to grow the club further without more access. They believe they would be able to double their capacity with additional access to water space. The current RFSC pool is also slightly below regional competition length standards, limiting its potential to host competitions as was originally intended.
  - ▶ Swim England regard Peterborough as a key development area and are supportive of an increase in provision. They report a deficit of usable water space between c. 470 SQM and 497 SQM although it is unclear how this has been calculated.

- 4.2.9 Whilst the IBFS may be overstating the level of unmet demand by relying on the local authority supply and demand balance, the research undertaken and anecdotal evidence provided through the Needs Assessment clearly indicates that existing provision is under significant capacity pressures. The age of RFSC is impacting on the quality of provision and the perception of users, and yet used capacity is well over comfortable levels, with additional pressure for more club usage and demand for swimming lessons.
- 4.2.10 Given the current demand for water space at RFSC and demand pressures at peak time suggested by the FPM study and IBFS, as well as the high levels of unmet demand for swimming lessons and requirement for more water space to meet local club needs, the inclusion of additional and more flexible water space to replace current provision at RFSC would be recommended.
- 4.2.11 The scale, configuration and programming of any water space provision at a replacement facility should be designed to accommodate a significant swimming lesson programme. Typically this would include a dedicated teaching pool as well as main pool water space which can provide additional capacity for swimming lessons in addition to general swimming and club sessions. This will allow the water space to be programmed more flexibly to accommodate a range of needs, as will an overall increase in the water space provided.

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### **4.3 Health & Fitness Provision**

- 4.3.1 The IBFS and supporting Needs Assessment report include an assessment of supply and demand for health and fitness provision in the area. This is broadly based on a review of existing provision and assessment of demand using UK wide penetration rates.
- 4.3.2 SLC also undertook a latent demand assessment for health and fitness provision within a localised catchment around Pleasure Fair Meadows, to assess the market potential for additional provision.
- 4.3.3 The IBFS modelling found a current (2016) need for 797 stations across Peterborough, growing to 932 by 2026 and 1056 by 2036. This compares with a supply of community accessible 1,649 stations within the local authority area. Similarly, SLC's modelling identified a significant oversupply within a local catchment of c. 757 stations at current population levels, falling to 636 by 2035.
- 4.3.4 This suggests that there is an adequate supply of provision to meet current and future demand. However, as SLC's report and the IBFS both point out, health and fitness facilities are an important element of a wider leisure offer which help to offset the cost of more costly facilities i.e. swimming pools and form an important element of the membership offer being presented to customers. New or extended provision, therefore, should not be considered solely on a desktop supply and demand basis, but rather on its contribution to a comprehensive leisure offer and ability to attract market share. The same is also true of exercise studio provision which is required to serve the needs of health and fitness memberships who will expect an extensive and varied exercise class programme as part of their leisure centre membership offer.
- 4.3.5 Membership numbers at RFSC are relatively poor, but there is already a solid customer base of c. 1,500 members in place which would be ideally placed to transfer to a new facility. In addition, a new, well-designed facility of the right quality would be expected to capture significant market share, both by virtue of it being a new and attractive facility to potential customers, and as a result of its more extensive leisure offer (i.e. wet and dry facilities) compared with most of the local competing facilities.

- 4.3.6 The Covid-19 pandemic may also have a bearing on the future market. As has already been shown in Peterborough, the lockdown and subsequent social distancing requirements is placing significant financial pressure on leisure operators and may well force the closure of a number of competing gyms which could further enhance the market potential for health and fitness provision at a replacement RFSC. The impact of the pandemic on customers' perceptions of health, fitness and physical activity over the longer term may also have a positive bearing on future demand.

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#### **4.4 Sports Hall Provision**

- 4.4.1 Although there is currently no sports hall provision at RFSC, sports halls are considered one of the core facilities for community sports as they provide a venue suitable for a range of competitive and recreational sports and activities to take place. The need for additional provision was considered as part of the IBFS supported by a Sport England FPM report for the area.
- 4.4.2 The Needs Assessment identified 32 sports halls of at least one court (badminton courts are used as the measure of sports hall size), 18 of which have 3 courts or more (the minimum size considered to be of value for delivery of a multi-sport community offer). Of the 18 halls identified with 3+ courts, 14 are available for community use, with a total of 69 courts. A high proportion of these, however, are at educational sites which somewhat limits their opening hours and accessibility. Facilities to the north of the city centre appear to be limited and the population in the centre of the city is served with generally below average and poor quality facilities.
- 4.4.3 The FPM report identifies that 90.4% of demand for sports hall usage within the city is currently being satisfied with 95.6% being met within facilities in Peterborough. The 9.6% of unmet demand is largely the result of residents being outside of the catchment of an existing facility (91%) rather than due to a lack of capacity at existing provision. This applies predominantly to more rural parts of the local authority area.
- 4.4.4 However, the used capacity at existing provision within Peterborough is also very high at 86.5%. This means existing provision is operating at an uncomfortably full level with little / no capacity to take on additional activity. This is in part due to the importation of demand from neighbouring local authority areas.
- 4.4.5 The key challenge identified by the IBFS with regard to sports hall provision is in increasing the hours of peak time availability at current sites and increasing the scale of provision to maximise participation. There is little capacity within existing identified provision to meet an increase in demand from participation or population growth, so additional provision is suggested, although this would be secondary to seeking to extend availability at existing sites.
- 4.4.6 This supports the inclusion of a 4-court sports hall in the proposed optimal facility mix but not the essential facility mix, acknowledging that this is typically a low return-on-investment facility type, albeit one that would play a critical strategic role in enabling and supporting community sport.

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#### **4.5 Summary**

- 4.5.1 A review of the detailed Needs Assessment report which underpins the IBFS and the Sport England FPM reports which support them has been undertaken as a check and challenge against the facility mix recommendations for core facility types (swimming pools, health and fitness and sports hall provision) included in the Stage 1 Options Appraisal. It is also intended to provide evidence to support the development of assumptions in the development of the more detailed business plan work to be undertaken as part of this feasibility study.

- 4.5.2 The review has demonstrated that, whilst the 9 lane x 25m shortfall stated in the IBFS does not provide the full picture, there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. Existing facilities are already under significant strain from a capacity perspective and the age and declining quality of RFSC will exacerbate that situation by displacing demand to other, more attractive facilities in the area.
- 4.5.3 In order to deliver a swimming programme which meets the needs of the full range of users, a replacement facility will need to provide an increase in water space and it will need to be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular.
- 4.5.4 With regard to health and fitness provision, SLC's latent demand assessment, the IBFS and the more detailed Needs Assessment all come to the same conclusion with regard to the existence of a theoretical oversupply of provision in the area, as is the case in most places in the UK. However, the IBFS and Needs Assessment also concur with SLC's view that this should not translate into the exclusion of health and fitness provision from new leisure provision, given its vital role in an overall leisure centre membership offer and its ability to generate income. Given the level of competing provision in the market, membership assumptions within the business plan will need to be set with this in mind but balanced by the strength of appeal of a new large scale leisure centre offer and the potential impact of the Covid-19 pandemic on competing supply.
- 4.5.5 Sports hall provision has only been included in the optimal facility mix in the form of a 4-court sport hall. The IBFS Needs Assessment and FPM report are clear that there is some pressure on existing supply, but that most unmet demand is locational rather than the result of a lack of overall capacity. Population growth will further exacerbate existing capacity issues, so additional provision does need to be considered, although the extension of opening hours at existing facilities would provide a more cost effective option if considered to be feasible. Given the likely lower return on investment potential of a sports hall and the limitations of the site in terms of footprint, its inclusion in only the optimal facility mix is justified.

## 5. Key Conclusions from Needs Analysis and Implications for Facility Mix Options

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### A summary of the Needs Analysis and how this informs the proposed facility mix options for a replacement facility

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#### 5.1 Needs Analysis Key Conclusions

##### 5.1.1 The key conclusions arising from this needs analysis are as follows:

- ▶ The overall level of usage and income is relatively typical for a facility of the age and condition of RFSC and there is no evidence of a significant decline in financial performance over recent years. Usage and financial performance is, however, significantly below what would be expected from a comparable modern leisure facility in a number of key areas
- ▶ Engagement with Vivacity and Swim England has revealed significant challenges with the existing swimming facilities at RFSC and its ability to meet the needs of a range of users including swimming lessons, general lane swimming, clubs and schools.
- ▶ The age, condition and quality of facilities, together with strong local competition has led to a decrease in health and fitness memberships, a key income stream for any leisure facility
- ▶ A review of the detailed Needs Assessment report, including the supporting Sport England Facility Planning Model reports which underpins the Council's Indoor Built Facilities Strategy 2017-2037, has demonstrated that there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme
- ▶ SLC has identified strong demand and market potential for a significantly increased swimming lessons programme
- ▶ In order to deliver a swimming programme which meets the needs of the full range of users, a replacement facility will need to provide an increase in water space and it will need to be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular
- ▶ With regard to health and fitness provision, both SLC's latent demand assessment and the Indoor Built Facilities Strategy modelling conclude that there is a theoretical oversupply of provision in the area. Whilst this suggests that there may be no demand for additional health and fitness provision, the inclusion of a high quality, suitably sized gym facility with accompanying exercise studio provision would still be highly recommended for a new leisure facility development given the trends in participation growth and the potential impact of the COVID-19 pandemic both on competing supply and levels of demand. In addition, whilst the budget gym market is crowded, a mid-level health and fitness offer with the added benefit of swimming provision will be attractive and likely to capture a strong share of the existing market.
- ▶ There is demand for additional sports hall provision in Peterborough as demonstrated through the Sport England Facility Planning Model report and Indoor Built Facilities Strategy. However, the spatial requirements and subsequent capital costs of a sports hall may be prohibitive and it is therefore reasonable for this to be included only in the optimal facility mix.

## 5.2 Implications for Facility Mix Options

- 5.2.1 The needs analysis work undertaken by SLC provides further evidence in support of the strategic need to develop a new facility to replace RFSC. It also further informs the mix of facilities in terms of size and scale.
- 5.2.2 As part of the Stage 1 Options Appraisal, Essential and Optimal facility mix options were developed as shown in Figure 6 below.

**Figure 7: Proposed Facility Mix – Essential and Optimal options**

Existing Regional Swimming & Fitness Centre	New Build – Essential Mix	New Build – Optimal Mix
25m 6-lane main pool with 300 spectator seats	25m 8-lane main pool with 300 spectator seats	25m 8-lane main pool with moveable floor and 300 spectator seats
17m x 6m teaching pool	15m x 10m teaching pool	17m x 15m teaching pool with moveable floor
12.5m x 12.5m diving pool	Not included	Not included
None	Not included	350 sqm leisure water with flume, water features and toddler splash zone
Sauna and steam	Sauna and steam and relaxation area	Sauna and steam, relaxation area and treatment rooms
90 station gym	150 station gym	175 station gym
2 x exercise studios – 20 and 25 person capacity	2 x exercise studios (with moveable partition between) – both 40 person capacity	2 x exercise studios (with moveable partition between) both 40 person capacity 1 x smaller yoga/pilates studio - 20 person capacity
1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity	1 x spinning studio – 20 person capacity
		4-court sports hall
		Softplay
		Clip n Climb
	Café – 50 covers	Café – 75 covers

- 5.2.3 The needs analysis work described in previous sections of this report supports the proposed facility mix options and has identified no evidence to suggest that these options should be altered.
- 5.2.4 Layout drawings and site plans for both facility mix options were developed as part of the Stage 1 Options Appraisal which, given the findings above, are still applicable and can be used to inform the financial modelling of options. A cost for fittings, furniture and equipment, including gym equipment, has been added to the previous budget cost estimates by cost consultants Castons in order to further inform the financial modelling.
- 5.2.5 The layout drawings, site plans and budget cost estimates are provided within PWA’s full report on the Stage 1 Options Appraisal in Appendix D. The total development costs excluding land purchase and including inflation based on a start on site in March 2022 are as follows:
- ▶ Essential Mix: £21.14M
  - ▶ Optimal Mix: £31.26M

### 5.3 Hydrotherapy Pool

- 5.3.1 Peterborough City Council currently has a standalone community hydrotherapy pool which provides a facility for use by children and adults with a range of disabilities or long-term health conditions to benefit their health, assist rehabilitation from surgery or injury and as a leisure facility for those with learning and physical disabilities.
- 5.3.2 St George's Community Hydrotherapy Pool was built in 1976 and due to its age and condition is unlikely to be able to continue to operate for many more years. The facility is much valued by its users and the Council has requested SLC to explore, at a high level, what the implications may be for its inclusion part the facility mix options for the replacement of RFSC.
- 5.3.3 The hydrotherapy pool did not feature in the original facility mix brief and was not considered for inclusion in the design and costings work undertaken as part of the Stage 1 Options Appraisal. Upon request of the Council, the inclusion of a 10m x 5m pool (1.2m depth), ideally with adjoining specialist changing accommodation, has therefore been considered retrospectively and at a high level by SLC and PWA.
- 5.3.4 There are a number of potential options which the Council could explore for its inclusion in the facility designs although all have potential compromises associated with them:
- a. **Reduced leisure water area and introduce hydrotherapy pool close to the changing village.** This is also likely to require a small reduction in the size of the learner pool or its relocation with some loss of car spaces. This option could also have significant operational issues, given its location within the pool hall between the learner and leisure pools. The nature of the activities and types of users of the hydrotherapy pool is such that being located within a busy and noisy area of the pool hall is likely to be problematic.
  - b. **Reduce car parking and insert narrower hydrotherapy pool adjacent to learner pool.** This solution would leave the pool remote from the changing village and would suffer from similar noise issues to those in (a.) albeit this could be mitigated through glazed screening. Placing the pool in this location would also leave it highly visible from an external aspect which may be problematic for some users.
  - c. **Create a hydrotherapy pool and separate changing facilities at level 0.** This would reduce car parking spaces by c. 15 and would be divorced from the main pool activity.
  - d. **Add separate hydrotherapy pool and changing facilities at level 3.** This would be costly and divorced from the main pool activity. Deck level access to the pool would be difficult to achieve so the pool would likely need to be raised.
- 5.3.5 None of these options provides an ideal solution with all requiring some degree of operational and / or design compromises and impacting on the revenue generating potential of other facility areas and activities.
- 5.3.6 The additional build cost for including a hydrotherapy pool within the main pool hall has been estimated at c. £400k. This estimate only includes the pool tank and associated plant and excludes the requirement for additional glazing around the hydrotherapy pool to isolate it from the rest of the pool hall. This would be necessary due to the requirement for warmer air temperature for the area around the warmer hydrotherapy pool compared with the rest of the water space provision. This isolated area would therefore likely require a dedicated air handling system to meet these requirements.
- 5.3.7 The alternative of a separate pool hall construction on level 0 or level 3 would be more costly to construct and would require more detailed design work in order to inform a proper budget cost estimate.

- 5.3.8 The increased build cost associated with a hydrotherapy pool also has additional capital cost implications in terms of the knock on impact on contingency and professional fees, developer profit costs, inflation etc. Based on a build cost of £400K, these additional costs add a further c. £220K to the capital cost requirement.
- 5.3.9 From a revenue perspective, the existing facility operates at annual deficit of c. £16K (based on 2019/20 figures provided by the Council) excluding utilities and repair and maintenance costs (c. £25K per annum) which are covered by the Council. There is no reason to expect demand or usage levels to change significantly, given the lack of comparable provision in the area currently, so it is likely that income from the pool (currently c. £65K per annum) would not increase significantly at a new facility.
- 5.3.10 Some cost reductions would be achievable through improved energy efficiency and reduced repair and maintenance costs for a newer facility, but the pool would still require a significant operational subsidy.
- 5.3.11 Under options (a.) and (c.) in particular, the inclusion of the hydrotherapy pool would also have additional negative revenue implications for other areas of the facility either by reducing car parking spaces, reducing the size and revenue generating potential of the teaching and/or leisure pools or both.
- 5.3.12 Overall, whilst the inclusion of a hydrotherapy pool as part of the replacement for RFSC is possible, it would need to be explored in more detail in terms of its design and operation and have significant implications in terms of capital and revenue costs. From a capital cost perspective, it is likely to add a minimum of £620K to the total once on costs are taken into account. The better option operationally i.e. separate dedicated pool and changing provision on level 0 would cost significantly more.
- 5.3.13 From a revenue perspective, there are likely to be some limited savings relative to current subsidy requirements for the existing hydrotherapy pool, but it would add to the overall net subsidy position.
- 5.3.14 The capital and revenue cost implications have not been explored in sufficient detail at this stage to determine the extent of the additional cost requirements. If the Council wishes to explore the inclusion of a hydrotherapy pool further, more detailed design work should be undertaken to determine the capital costs for each option, the impact upon other facility areas and the additional income and expenditure associated with the hydrotherapy pool itself.
- 5.3.15 Given the need for more detailed work to be undertaken on the provision of a hydrotherapy pool both in terms of operation, design and costing, it does not form part of SLC's financial modelling described in the next section of this report.

## 6. Financial Modelling of Options

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**This section sets out the financial modelling of both facility mix options including the capital financing payments to understand the return on investment and to inform the overall business case for a replacement facility**

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### 6.1 Introduction

6.1.1 SLC has developed a financial model for a replacement facility based on the development of the Essential and Optimal facility mixes, forecast over a 15-year period. This is then compared with the Council's alternative options, namely the retention and eventual closure of the existing RFSC, and retention and eventual replacement of RFSC in 10 years' time.

6.1.2 The options considered through the financial modelling are summarised as follows:

- ▶ **No Replacement** – RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is closed and not replaced
- ▶ **2031 Replacement** – RFSC continues to operate with the required investment for the remainder of its viable life (c. 10 years), at which point it is replaced by new facility with the Essential facility mix at an indeterminate site
- ▶ **Essential** – RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Essential facility mix at the Pleasure Fair Meadows site
- ▶ **Desirable** – RFSC continues to operate with minimal investment until the opening in 2024 of a new facility with the Optimal facility mix at the Pleasure Fair Meadows site.

6.1.3 This approach has been taken to demonstrate the relative costs of each option over the next 15-years. The Essential and Optimal facility mix models have also been extrapolated out over a 40-year capital repayment period to assess the capacity of the proposed facilities to cover the development costs over their expected lifespan.

6.1.4 The model considers operational income and expenditure, management and other costs (e.g. business rates), lifecycle costs and capital repayments. In order to provide a consistent basis for comparison, the 15-year modelling is based on the period 2021/22 to 2035/36 for all options. Given that the timescales for the development of both the Essential and Desirable options show a 2024 opening, all options are based on the continued operation of RFSC until that point. An overview of the timescales for each option is shown in Figure 8.

Figure 8: 15-year Timescales for Replacement Options

	No Replacement	2031 Replacement	Essential	Optimal
Year 1 - 2021/22			RFSC operating with deteriorating revenue performance. No investment. LATC.	RFSC operating with deteriorating revenue performance. No investment. LATC.
Year 2 - 2022/23				
Year 3 - 2023/24	RFSC operating with condition survey investment and deteriorating revenue performance.	RFSC operating with condition survey investment and deteriorating revenue performance.		
Year 4 - 2024/25				
Year 5 - 2025/26				
Year 6 - 2026/27				
Year 7 - 2027/28	Operating under LATC management model.	Operating under LATC management model.		
Year 8 - 2028/29				
Year 9 - 2029/30			Replacement facility with Essential facility mix operating under external operator.	Replacement facility with Optimal facility mix operating under external operator.
Year 10 - 2030/31				
Year 11 - 2031/32		Replacement facility with Essential facility mix operating under external operator.		
Year 12 - 2032/33	RFSC closed. No replacement facility.			
Year 13 - 2033/34				
Year 14 - 2034/35				
Year 15 - 2035/36				

### Management Model Considerations

- 6.1.5 The management model under which a facility is operated has an influence on operational revenue performance, management costs and business rate costs which will affect the overall surplus / subsidy position.
- 6.1.6 The Council’s leisure trust operator, Vivacity, has been forced to cease trading as a direct result of Covid-19 and the Council has yet to decide on the future long-term management model. SLC understands that as a transitional arrangement, the Council will be transferring the services to an existing Peterborough Local Authority Trading Company, Aragon Direct Services. Whilst SLC would strongly recommend that the Council undertakes a rigorous investigation into and appraisal of available management options for its leisure services over the longer term, a Local Authority Trading Company (LATC) model has been assumed as the baseline management position for the existing RFSC (whilst it remains in operation) in each option.
- 6.1.7 Management costs associated with the LATC have been based on high level assumptions at this stage. The Council has not been able to provide a definitive position on the likely support costs for the service when delivered through the LATC, necessitating the use of indicative benchmarks based on SLC’s experience.
- 6.1.8 For those options where RFSC is eventually replaced by a new facility, it has been assumed in the baseline position that an external procured leisure operator will manage the facility. It is broadly accepted that this is the most cost-effective management model which will therefore have the highest probability of being able to meet capital repayment costs through operational surpluses. As requested by PIP and PCC, the same options have also been modelled with an LATC management model in place for comparison.

### Detailed Financial Modelling and Assumptions

- 6.1.9 The financial modelling undertaken and the assumptions informing it are set out at a high level in this report. The full model with corresponding assumptions has been provided as Appendix A to this report. Detailed income and expenditure assumptions for the Essential and Optimal replacement facilities are included in Appendix B.

## 6.2 No Replacement for RFSC

- 6.2.1 This option sets out the financial implications for the Council of retaining and continuing to operate the existing RFSC for the remainder of its viable life (estimated to be c. 10 years) under an LATC management model. At the end of the facility's lifespan, it would be closed and not replaced.
- 6.2.2 In order to keep the facility operational for 10 years, investment in the existing facility would be required. A condition survey undertaken in 2020 has identified c. £6M of required investment over the 10-year period.

### Key Assumptions

- 6.2.3 The following key assumptions have been used in developing revenue forecasts including management and other premises costs, for this option:
- ▶ Revised RFSC baseline accounts have been developed from the 2019/20 Vivacity accounts and 2019 utility costs with assumptions applied to reflect the change in management to an LATC model
    - ▶ A 5% decrease in income and 5% increase in specific areas of operational expenditure has been applied to reflect reduced central expertise, operational experience and economies of scale
    - ▶ Support costs have been estimated at 15% of income
    - ▶ NNDR costs have been included at 51% of current business rates (based on the proportion of rates income which are not retained by the Council). This equates to £46,876 based on current rates.
  - ▶ Income is based on the revised RFSC baseline accounts. An annual rate of income deterioration of 5% has been applied to reflect the decline of the facility relative to customer expectations as the facility ages
  - ▶ Expenditure is based on the revised RFSC baseline accounts and utility costs. An annual rate of expenditure increases of 2.5% has been applied specific areas of expenditure to reflect the escalating costs associated with an ageing facility, primarily relating to premises costs and reactive repairs and maintenance
  - ▶ An annual inflation rate of 2% has been applied to income and expenditure.

### Revenue Forecasts

- 6.2.4 Table 2 shows the annual average operational income and expenditure over the remaining 10-year life of the current facility compared with the estimated baseline 2020/21 figures, developed from current financial performance, inflationary adjustments and LATC management assumptions.
- 6.2.5 Over the 10-year period, income deteriorates and specific areas of facility expenditure increase based on assumptions links to the ageing and continued deterioration of the facility relative to customer expectations.
- 6.2.6 Over the 10-year period, the average operational subsidy is forecast at £362,500, compared with a baseline operational surplus (before management and lifecycle condition survey costs) of £73,524.

**Table 2: Revenue Forecast for No Replacement – 10-year annual average**

No Replacement - LATC management	RFSC Baseline - 2020/21	10-year Annual Average
<b>Income</b>		
H&F	£655,262	£542,464
Swim Academy	£347,861	£287,979
School Swimming	£69,716	£57,715
Pool Admissions	£204,583	£169,366
Room Hire	£34,890	£28,884
Vending / Retail	£40,475	£33,507
Health Suite	£12,538	£10,379
Parking	£41,716	£34,535
Other	£38,357	£31,754
<b>Total Income</b>	<b>£1,445,398</b>	<b>£1,196,584</b>
<b>Expenditure</b>		
Staffing*	£934,293	£1,023,025
R&M	£55,449	£70,003
FF&E / IT / Equipment*	£14,383	£15,749
Cleaning/ Other Premises	£69,621	£87,894
Office / Admin*	£9,254	£10,133
Insurance / Licenses*	£17,999	£19,708
Irrecoverable VAT*	£23,410	£25,633
Depreciation	£35,086	£44,295
Cost of Sales*	£34,516	£37,794
Utilities	£177,864	£224,549
<b>Total Expenditure</b>	<b>£1,371,875</b>	<b>£1,558,784</b>
*Facility age related cost increases not applied		
<b>Operational Surplus / (Subsidy)</b>	<b>£73,524</b>	<b>-£362,200</b>

### Capital / Lifecycle Costs

- 6.2.7 A condition survey undertaken in 2020 identified the capital investment works required at RFSC over the remaining 10-year period, bearing in mind that by the end of the 10 years, it will likely have reached the end of its useful life. A total of c. £6M of investment was identified, which the PIP and Council have advised should be considered, for the purposes of this model, as an upfront investment cost to be repaid as borrowing costs.
- 6.2.8 The Council has provided estimated capital repayment costs based on Prudential Works Loan Board (PWLB) rates (minus 0.2%) for £6M of capital over a 10-year repayment period. This generates an estimated annual repayment cost of c. £661K. The annual repayments have been factored into the net surplus / subsidy calculations for this option.

### Summary

- 6.2.9 Table 3 shows the 15-year (same as 10-year) total cost of the No Replacement option and the average annual cost over 10 years, based on the number of operational years, and 15 years to facilitate comparison with other options. An annual breakdown with income and expenditure detail is shown in Appendix C.
- 6.2.10 Taking into account the repayment of capital costs, the total cost of continuing to operate the existing facility over the remainder of its usable life is c. £13.2M.

**Table 3: Financial Implications of No Replacement Option**

No Replacement - LATC management	15-Year Total	10-Year Annual Average	15-Year Annual Average
Income	£11,965,838	£1,196,584	£797,723
Expenditure	£15,587,838	£1,558,784	£1,039,189
<b>Operational Surplus / (Subsidy)</b>	<b>(£3,622,000)</b>	<b>(£362,200)</b>	<b>(£241,467)</b>
NNDR	£513,282	£51,328	£34,219
Support Services	£2,374,006	£237,401	£158,267
Operator Profit	£	£	£
<b>Total Surplus / (Subsidy)</b>	<b>(£6,509,288)</b>	<b>(£650,929)</b>	<b>(£433,953)</b>
Lifecycle / Condition Survey Costs	£6,676,097	£667,610	£445,073
<b>Net Surplus / (Subsidy) incl. capital</b>	<b>(£13,185,385)</b>	<b>(£1,318,538)</b>	<b>(£879,026)</b>

### 6.3 2031 Replacement for RFSC

- 6.3.1 This option sets out the financial implications for the Council of retaining and continuing to operate the existing RFSC for the remainder of its viable life under an LATC model (as above) and replacing it in 2031/32 with a facility based on the Essential facility mix on a site yet to be identified. Under the baseline option it is assumed that the new facility would be operated by an external leisure operator rather than by the LATC.
- 6.3.2 Unlike the no replacement model, this option assumes that there would be a need and desire to replace the existing facility at the end of its viable lifespan rather than accept a net loss of provision in the City.
- 6.3.3 Continuing to operate the existing facility for this period of time would require undertaking of the condition survey works identified – an investment of £6M to be funded through prudential borrowing.
- 6.3.4 This option effectively delays some of the higher costs associated with a larger capital investment to a later date, but as a result additional costs are incurred in the form of investment in the existing facility and through escalating revenue costs associated with its operation over the first 10-years.

#### Key Assumptions

- 6.3.5 The following key assumptions have been used in developing revenue forecasts including management and other premises costs for this option:
- ▶ Revenue costs including income and expenditure, support costs and other costs (e.g. NNDR) for the first 10-years are the same under this option as in the “no replacement” option, and are based on the same assumptions
  - ▶ Revenue costs including income and expenditure, support costs, operator profit and other costs are the same for Years 11 – 15 of this option as in Years 4 – 8 of the Essential option, adjusted for inflation
    - ▶ Income from the new facility is based on specific areas of income generation in each facility area e.g. health and fitness, swimming etc. through identified revenue streams. These have been developed based on a detailed set of locally informed and experience-based assumptions for each income stream as set out in detail in Appendix B. Income is phased in the first two years of the new facility’s operation at 70% of steady state in the first year, and 85% in the second year

- ▶ Expenditure for the new facility is based on a breakdown of required core and casual staff, developed linked to income streams and in consultation with the Council's leisure officer, and benchmarked premises, supplies and services expenditure as set out in Appendix B
- ▶ It is assumed that the external operator would be eligible for business rate relief through charitable status, as is the case for the majority of external leisure operators (but often not the case for LATCs)
- ▶ Below the line costs – operator profit and central support costs – are benchmarked at 6% of income each in accordance with typical operator market levels
- ▶ An annual inflation rate of 2% has been applied to income and expenditure.

### **Revenue Forecasts**

- 6.3.6 Table 4 shows the annual average operational income and expenditure of the full 15-year period alongside the estimated 2020/21 baseline figures. As with the no replacement option, there is a deterioration of income over the first 10 years, whilst the existing facility is still being operated. Income levels then increase significantly when RFSC is replaced by the new facility under an external operator, although expenditure levels are also higher at the new facility.
- 6.3.7 A more detailed breakdown of income and expenditure across each year is shown in Appendix C.
- 6.3.8 Over the 15-year period, an average operational subsidy of c. £10,519 is generated by this option. During the first 10 years, whilst the existing facility continues to be in operation, the average annual subsidy is £362,200. In the final 5 years, the new facility generates an average operational surplus of £755,957.

**Table 4: Revenue Forecast for 2031 Replacement - 15-year annual average**

	RFSC Baseline - 2020/21	15-Year Annual Average
<b>Income</b>		
H&F	£655,262	£1,012,358
Swim Academy	£347,861	£430,433
School Swimming	£69,716	£98,557
Pool Admissions	£204,583	£208,348
Room Hire	£34,890	£19,256
Vending / Retail	£40,475	£105,549
Health Suite	£12,538	£21,036
Parking	£41,716	£23,023
Other	£38,357	£21,170
<b>Total Income</b>	<b>£1,445,398</b>	<b>£1,939,731</b>
<b>Expenditure</b>		
Staffing*	£934,293	£1,221,245
R&M	£55,449	£95,262
FF&E / IT / Equipment*	£14,383	£16,756
Cleaning/ Other Premises	£69,621	£71,108
Office / Admin*	£9,254	£31,779
Insurance / Licenses*	£17,999	£50,675
Irrecoverable VAT*	£23,410	£110,929
Depreciation	£35,086	£52,516
Cost of Sales*	£34,516	£66,801
Utilities	£177,864	£212,143
<b>Total Expenditure</b>	<b>£1,371,875</b>	<b>£1,929,212</b>
*Facility age related cost increases not applied		
<b>Operational Surplus / (Subsidy)</b>	<b>£73,524</b>	<b>£10,519</b>

### Capital / Lifecycle Costs

- 6.3.9 As with the no replacement option, capital investment is required to carry out the £6M of improvement works identified through the 2020 condition survey. Capital cost repayment for this borrowing has been assumed on the same terms as the no replacement option.
- 6.3.10 In addition, capital investment is required to fund the development of the new facility. Annual repayment costs have been calculated based on an estimated capital cost consisting of:
- ▶ Estimated development cost for the facility of £22.98M adjusted for inflation (7 years) and including developer finance costs (estimated at 5% of construction cost per annum over a 2 year build)
  - ▶ Developer profit at 12% of development cost
  - ▶ estimated land value of c. £1.5M (site not identified).
- 6.3.11 The Council has provided a capital repayment cost calculation based on PWLB rate (minus 0.2%) over a 40-year repayment period starting from 2029. This generates an estimated annual repayment cost of c. £1.21M.
- 6.3.12 Lifecycle costs for the new facility have also been estimated as part of the financial modelling to fund ongoing lifecycle replacements required to keep the facility operating optimally over the long term. This has been estimated at 0.5% of development costs per annum which equates to £57,450 (not adjusted for inflation).

### Alternative Management Model

- 6.3.13 This option has assumed that the existing facility would continue to be run throughout its operational life by an LATC, but that the new facility would be operated by an external operator. A variant on this option has also been developed showing the additional costs of operating the new facility under the LATC management model as well.
- 6.3.14 The following assumptions are applied to the new facility's financial performance to account for management by an LATC under this variant:
- ▶ **Lower levels of income generation - 10% reduction** – less expertise, less marketing and sales experience and resources, less experience of delivering a similar range of services and initiatives, less capacity for innovation
  - ▶ **Higher procurement costs - 10% increase** – reduced buying power and economies of scale compared with larger multi-contract leisure operators
  - ▶ **Higher support service costs – 15% of steady state turnover** – proportionally higher support service costs (payroll, HR, finance, property, health & safety, I.T etc.) as these cannot be shared across multiple contracts
  - ▶ **Higher NNDR costs - £54,775 per annum** – business rates estimated based on rateable value of RFSC and 2021 multiplier, proportional increase in new facility's GIFA compared with RFSC and the proportion of business rates not retained by PCC (51%).
  - ▶ **No operator profit.**
- 6.3.15 Based on these assumptions, the average annual operational subsidy over the 15-year period under an LATC would be £127,879, compared with an operational surplus of £10,519.

### Summary

- 6.3.16 Table 5 shows the 15-year total and annual average costs of the 2031 replacement option both with an external operator running the new facility, and an LATC throughout. An annual breakdown with detailed income and expenditure by year is shown in Appendix C.
- 6.3.17 Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs, and lifecycle costs for the new facility, the total cost of this option over the 15-year period is £19.45M with an external operator for the new facility or £22.13M with an LATC operator.

**Table 5: Financial implications of 2031 Replacement Options**

2031 Replacement	15-Year Total	15-Year Annual Average	15-Year Total	15-Year Annual Average
<i>Operating Model Years 11 - 15</i>				
	<i>External Operator</i>		<i>LATC</i>	
Income	£29,095,971	£1,939,731	£27,386,663	£1,825,778
Expenditure	£28,938,187	£1,929,212	£29,304,852	£1,953,657
<b>Operational Surplus / (Subsidy)</b>	<b>£157,784</b>	<b>£10,519</b>	<b>(£1,918,189)</b>	<b>(£127,879)</b>
NNDR	£513,282	£34,219	£860,756	£57,384
Support Services	£3,402,061	£226,804	£4,687,130	£312,475
Operator Profit	£1,028,055	£68,537	£	£
<b>Total Surplus / (Subsidy)</b>	<b>(£4,785,614)</b>	<b>(£319,041)</b>	<b>(£7,466,074)</b>	<b>(£497,738)</b>
Lifecycle / Condition Survey Costs	£7,040,543	£469,370	£7,040,543	£469,370
Build Cost Capital Repayments	£7,623,319	£508,221	£7,623,319	£508,221
<b>Net Surplus / (Subsidy) incl. capital</b>	<b>(£19,449,475)</b>	<b>(£1,296,632)</b>	<b>(£22,129,935)</b>	<b>(£1,475,329)</b>

## 6.4 Essential Option

- 6.4.1 This option sets out the financial implications for the Council of replacing the existing facility with a new leisure centre development based on the Essential facility mix at the Pleasure Fair Meadows site as soon as practicable. Based on estimated development timeframes, this new facility would open in 2024 and the existing facility would continue to operate until that time.
- 6.4.2 Under the baseline option, it is assumed that the existing RFSC would operate under an LATC model (as above) and the new facility, once operational, would be managed by an external leisure operator.
- 6.4.3 Compared with the 2031 replacement, this option explores whether the more immediate development of a new facility which can generate more significant operational surpluses and better meet the needs of the community can provide a better value option.
- 6.4.4 The more immediate prospect of replacement removes the need for significant investment in the existing facility and mitigates against the gradual decline in revenue performance of the ageing facility as it approaches the end of its useable life.
- 6.4.5 In essence, it examines if, assuming the facility is to be replaced, best value would be achieved by making that investment immediately rather than in 10 years' time.

### Key Assumptions

- 6.4.6 The following key assumptions have been used in developing revenue forecasts including management and other premises costs for this option:
- ▶ Revenue costs including income and expenditure, support costs and other costs (e.g. NNDR) for the first 3 years, whilst the existing facility continues to operate, are the same under this option as in the “no replacement” option, and are based on the same assumptions
  - ▶ Revenue costs including income and expenditure, support costs, operator profit and other costs for Years 4 – 15 are based on detailed income, expenditure and management costs assumptions for the Essential facility mix development as operated by an external operator;
    - ▶ Income from the new facility is based on specific areas of income generation in each facility area, e.g. health & fitness, studios, swimming pools etc. through identified activities and revenue stream. These have been developed through a set of detailed experience-based assumptions, informed by local factors (e.g. pricing etc.). These assumptions are set out in detail by facility area and activity in Appendix B. Income is phased in the first two years of the new facility's operation at 70% of steady state in the first year and 85% in the second
    - ▶ Expenditure for the new facility is based on a breakdown of required core and casual staff, linked to income streams and developed in consultation with the Council's leisure officers, as well as benchmarked premises, supplies and services, repair and maintenance and cost of sales expenditure as set out in Appendix B
    - ▶ It is assumed that the external operator would be eligible for business rate relief through charitable status, as is the case for the majority of external leisure operators
    - ▶ Below the line costs – operator profit and central support costs – are benchmarked at 6% of income each in accordance with typical operator market levels
  - ▶ An annual inflation rate of 2% has been applied to income and expenditure.

### Revenue Forecasts

- 6.4.7 Table 6 shows the annual average operational income and expenditure over the 15-year period alongside the baseline figures for the new facility, as developed through the detailed business plan modelling set out in Appendix B. Years 1-3 reflect the continued operation of the existing facility with declining financial performance, as in the no replacement and 2031 replacement options. The new facility, operating under external operator management, introduces a significant improvement in operational revenue performance, albeit there is some phasing of income in Years 4 and 5 of the 15-year period.
- 6.4.8 A more detailed breakdown of income and expenditure in each year is shown in Appendix C.
- 6.4.9 Over the 15-year period, the average operational surplus generated by this option is £692,855. During the first 3 years, whilst the existing facility continues to be in operation the average annual subsidy is £86,142. In the remaining 12 years, the new facility generates an average operational surplus of £887,605.

**Table 6: Revenue Forecast for Essential Option - 15-year annual average**

	New Facility Baseline	15-Year Annual Average
<b>Income</b>		
H&F	£1,519,477	£1,513,766
Studios	£165,880	£158,508
Swimming	£1,020,373	£1,050,081
Sports Hall	£0	£0
Health Suite	£37,274	£36,482
Café & Vending	£215,517	£205,045
Soft Play	£0	£0
Clip n Climb	£0	£0
Other	£0	£14,747
<b>Income Total</b>	<b>£2,958,521</b>	<b>£2,978,630</b>
<b>Expenditure</b>		
Staffing	£1,275,034	£1,400,459
Repair and Maintenance	£114,900	£120,917
Water & Utilities	£147,651	£178,248
Equipment	£14,793	£16,971
Cost of Sales	£107,759	£105,837
Cleaning	£29,585	£43,004
Marketing	£59,170	£56,145
Insurance	£29,585	£31,745
IT / Admin / Legals / Licenses	£59,170	£58,033
Irrecoverable VAT	£221,889	£215,320
Capital Equipment replacement fund	£54,350	£59,096
<b>Expenditure Total</b>	<b>£2,113,887</b>	<b>£2,285,774</b>
<b>Operational Surplus / (Subsidy)</b>	<b>£844,635</b>	<b>£692,855</b>

### Capital / Lifecycle Costs

- 6.4.10 As, under this option, the existing facility is replaced within 3 years, only essential works required to keep the facility safe and operational over that period would be undertaken. The Council has identified that none of the £6M of investments required by the 2020 condition survey should be required during this period if the facility were to be replaced, so these costs are not incurred under this option.

- 6.4.11 Capital investment would, however, be required to fund the development of the new facility. Annual repayment costs have been calculated based on an estimated capital cost consisting of:
- ▶ Estimated development cost for the facility of £22.98M including developer finance costs
  - ▶ Developer profit at 12% of development cost
  - ▶ Estimated land value of c. £1.25M (for Pleasure Fair Meadows).
- 6.4.12 The Council has provided a capital repayment cost calculation based on PWLB rate (minus 0.2%) over a 40-year repayment period starting from 2022. This generates an estimated annual repayment cost of c. £1.05M.
- 6.4.13 Lifecycle costs for the new facility have also been estimated as part of the financial modelling to fund ongoing lifecycle replacements required to keep the facility operating optimally over the long term. This has been estimated at 0.5% of development costs per annum which equates to £57,450 (not adjusted for inflation).

#### Alternative Management Model

- 6.4.14 This option has assumed that the existing facility would continue to be run during the first three years of the period by an LATC, and that the new facility would be operated by an external operator (Years 4 – 15). A variant on this option has been developed showing the additional costs of operating the new facility under LATC management.
- 6.4.15 The following assumptions are applied to the new facility's financial performance to account for management by an LATC under this variant:
- ▶ **Lower levels of income generation - 10% reduction** – less expertise, less marketing and sales experience and resources, less experience of delivering a similar range of services and initiatives, less capacity for innovation
  - ▶ **Higher procurement costs - 10% increase** – reduced buying power and economies of scale compared with larger multi-contract leisure operators
  - ▶ **Higher support service costs – 15% of steady state turnover** – proportionally higher support service costs (payroll, HR, finance, property, health & safety, I.T etc.) as these cannot be shared across multiple contracts
  - ▶ **Higher NNDR costs - £54,775 per annum** – business rates estimated based on rateable value of RFSC and 2021 multiplier, proportional increase in new facility's GIFA compared with RFSC and the proportion of business rates not retained by PCC (51%).
- 6.4.16 Based on these assumptions, the average annual operational surplus over the 15-year period under an LATC is reduced to £366,223, compared with £692,855.

#### Summary

- 6.4.17 Table 7 shows the 15-year total and annual average costs of the Essential facility mix replacement option both with an external operator running the new facility, and an LATC throughput. An annual breakdown with detailed income and expenditure by year is shown in Appendix C.
- 6.4.18 Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs, and lifecycle costs for the new facility, the total cost of this option over the 15-year period of £10.1M with an external operator for the new facility or £16.4M under the LATC model.

Table 7: Financial implications of Essential Options

Essential	15-Year Total	15-Year Annual Average	15-Year Total	15-Year Annual Average
<i>Operating Model Years 4 - 15</i>		<i>External Operator</i>		<i>LATC</i>
Income	£44,679,443	£2,978,630	£40,610,799	£2,707,387
Expenditure	£34,286,612	£2,285,774	£35,117,449	£2,341,163
<b>Operational Surplus / (Subsidy)</b>	<b>£10,392,831</b>	<b>£692,855</b>	<b>£5,493,351</b>	<b>£366,223</b>
NNDR	£143,460	£9,564	£923,069	£61,538
Support Services	£3,104,711	£206,981	£6,156,194	£410,413
Operator Profit	£2,441,186	£162,746	£	£
<b>Total Surplus / (Subsidy)</b>	<b>£4,703,474</b>	<b>£313,565</b>	<b>(£1,585,912)</b>	<b>(£105,727)</b>
Lifecycle / Condition Survey Costs	£817,687	£54,512	£817,687	£54,512
Build Cost Capital Repayments	£13,967,206	£931,147	£13,967,206	£931,147
<b>Net Surplus / (Subsidy) incl. capital</b>	<b>(£10,081,420)</b>	<b>(£672,095)</b>	<b>(£16,370,805)</b>	<b>(£1,091,387)</b>

6.4.19 A sensitivity assessment has also been applied to this option to demonstrate the potential impact of an under or over performance in income or increase in assumed costs on the overall funding gap over the period. As shown in Table 8, this demonstrates that a 10% overperformance on income would result in a reduced average annual subsidy of c. £374K compared with £672K under the baseline model. In contrast, under performance on income of 10% would increase the annual subsidy to £970K and a 10% increase in costs would increase it to £901K.

Table 8: Essential Option Sensitivity Analysis

Essential 15-year average - Sensitivity Scenarios		Scenario 1	Scenario 2	Scenario 3
External Facility Operator baseline		Above average (10%) income & base costs	Below average (-10%) income & base costs	Base income and increased costs (10%)
	Annual Average			
<b>Income</b>		10%	-10%	0%
Income Total	£2,978,630	£3,276,493	£2,680,767	£2,978,630
<b>Expenditure</b>		0%	0%	10%
Expenditure Total	£2,285,774	£2,285,774	£2,285,774	£2,514,352
<b>Operational Surplus / (Subsidy)</b>	<b>£692,855</b>	<b>£990,718</b>	<b>£394,992</b>	<b>£464,278</b>
<b>Other Costs</b>		0%	0%	0%
NNDR	£9,564	£9,564	£9,564	£9,564
Support Services	£206,981	£206,981	£206,981	£206,981
Operator Profit	£162,746	£162,746	£162,746	£162,746
Total Other Costs	£379,290	£379,290	£379,290	£379,290
<b>Total Surplus / (Subsidy)</b>	<b>£313,565</b>	<b>£611,428</b>	<b>£15,702</b>	<b>£84,987</b>
<b>Capital / Lifecycle Costs</b>		0%	0%	0%
Lifecycle / Condition Survey Costs	£54,512	£54,512	£54,512	£54,512
Build Cost Capital Repayments	£931,147	£931,147	£931,147	£931,147
Total Capital / Lifecycle Costs	£985,660	£985,660	£985,660	£985,660
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>-£672,095</b>	<b>-£374,232</b>	<b>-£969,958</b>	<b>-£900,672</b>

- 6.4.20 An extrapolation of the baseline 15-year figures over a longer period, covering 40 years from the opening of the new facility based on 2% annual inflationary adjustments has also been developed. This provides an indication of the total funding gap over the period. Based on this extrapolation the total subsidy required for the Essential option (assuming an external operator model) would be £17,767,335.

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## 6.5 Optimal Option

- 6.5.1 This option sets out the financial implications for the Council of replacing the existing facility with a new leisure centre development based on the Optimal facility mix at the Pleasure Fair Meadows site as soon as practicable. Based on estimated development timeframes, this new facility would open in 2024 and the existing facility would continue to operate until that time.
- 6.5.2 Under the baseline option, it is assumed that the existing RFSC would operate under an LATC model (as in the no replacement and 2031 replacement options) and the new facility, once operational, would be managed by an external leisure operator.
- 6.5.3 As with the Essential option, this option explores whether a more immediate replacement of RFSC provides a better value alternative to replacing it at the end of its viable life but does so based on the larger and more extensive facility offer.

### Key Assumptions

- 6.5.4 The following key assumptions have been used in developing revenue forecasts including management and other premises costs for this option:
- ▶ Revenue costs including income and expenditure, support costs and other costs (e.g. NNDR) for the first 3 years, whilst the existing facility continues to operate, are the same under this option as in the “no replacement” option, and are based on the same assumptions
  - ▶ Revenue costs including income and expenditure, support costs, operator profit and other costs for Years 4 – 15 are based on detailed income, expenditure and management costs assumptions for the Optimal facility mix development as operated by an external operator;
    - ▶ Income from the new facility is based on specific areas of income generation in each facility area, e.g. health & fitness, studios, swimming pools etc. through identified activities and revenue stream. These have been developed through a set of detailed experience-based assumptions, informed by local factors (e.g. pricing etc.). These assumptions are set out in detail by facility area and activity in Appendix B. Income is phased in the first two years of the new facility’s operation at 70% of steady state in the first year and 85% in the second year
    - ▶ Expenditure for the new facility is based on a breakdown of required core and casual staff, linked to income streams and developed in consultation with the Council’s leisure officers, as well as benchmarked premises, supplies and services, repair and maintenance and cost of sales expenditure as set out in Appendix B
    - ▶ It is assumed that the external operator would be eligible for business rate relief through charitable status, as is the case for the majority of external leisure operators
    - ▶ Below the line costs – operator profit and central support costs – are benchmarked at 6% of income each in accordance with typical market levels
  - ▶ An annual inflation rate of 2% has been applied to income and expenditure.

### Revenue Forecasts

- 6.5.5 Table 9 shows the annual average operational income and expenditure over the 15-year period alongside the baseline figures for the new facility, as developed through the detailed business plan modelling set out in Appendix B. Years 1 – 3 reflect the continued operation of the existing facility with declining financial performance, as in the no replacement and 2031 replacement options. The new facility, operating under external operator management, introduces a significant improvement in operational revenue performance, albeit there is some phasing of income in Years 4 and 5 of the 15-year period.
- 6.5.6 A more detailed breakdown of income and expenditure in each year is shown in Appendix C.
- 6.5.7 Over the 15-year period, the average operational surplus generated by this option is £1,219,672. During the first 3 years, whilst the existing facility continues to be in operation the average annual subsidy is £86,142. In the remaining 12 years, the new facility generates an average operational surplus of £1,546,125.

**Table 9: Revenue Forecast for Optimal Option - 15-year annual average**

	New Facility Baseline	15-Year Annual Average
<b>Income</b>		
H&F	£1,772,723	£1,745,947
Studios	£208,560	£197,638
Swimming	£1,580,897	£1,563,981
Sports Hall	£75,060	£68,817
Health Suite	£83,151	£78,543
Café & Vending	£348,357	£326,835
Soft Play	£135,780	£124,486
Clip n Climb	£173,488	£159,057
Other	£0	£14,747
<b>Income Total</b>	<b>£4,378,017</b>	<b>£4,280,050</b>
<b>Expenditure</b>		
Staffing	£1,690,512	£1,794,693
Repair and Maintenance	£170,100	£173,295
Water & Utilities	£223,980	£250,674
Equipment	£21,890	£23,705
Cost of Sales	£174,178	£166,732
Cleaning	£43,780	£56,473
Marketing	£87,560	£83,083
Insurance	£43,780	£45,214
IT / Admin / Legals / Licenses	£87,560	£84,971
Irrecoverable VAT	£328,351	£316,338
Capital Equipment replacement fund	£60,783	£65,200
<b>Expenditure Total</b>	<b>£2,932,476</b>	<b>£3,060,379</b>
<b>Operational Surplus / (Subsidy)</b>	<b>£1,445,541</b>	<b>£1,219,672</b>

### Capital / Lifecycle Costs

- 6.5.8 As with the Essential option, only vital works required to keep the existing facility safe and operational over the first 3 years would be required. The Council has identified that none of the condition survey investments should be needed if the facility is to be replaced so these costs are not incurred under this option.

- 6.5.9 Capital investment would be required to fund the development of the new facility. Annual repayment costs have been calculated based on an estimated capital cost consisting of:
- ▶ Estimated development costs for the facility of £34.02M including developer finance costs
  - ▶ Developer profit at 12% of development cost
  - ▶ Estimated land value of c. £1.25M (for Pleasure Fair Meadows).
- 6.5.10 The Council has provided a capital repayment cost calculation based on PWLB rate (minus 0.2%) over a 40-year repayment period starting from 2022. This generates an estimated annual repayment cost of c. £1.53M.
- 6.5.11 Lifecycle costs for the new facility have also been estimated as part of the financial modelling to fund ongoing lifecycle replacements required to keep the facility operating optimally over the long term. This has been estimated at 0.5% of development costs per annum which equates to £85,050 (not adjusted for inflation).

### Alternative Management Model

- 6.5.12 This option has assumed that the existing facility would continue to be run during the first three years of the period by an LATC, and that the new facility would be operated by an external operator (Years 4 – 15). A variant on this option has been developed showing the additional costs of operating the new facility under LATC management.
- 6.5.13 The following assumptions are applied to the new facility's financial performance to account for management by an LATC under this variant:
- ▶ **Lower levels of income generation - 10% reduction** – less expertise, less marketing and sales experience and resources, less experience of delivering a similar range of services and initiatives, less capacity for innovation
  - ▶ **Higher procurement costs - 10% increase** – reduced buying power and economies of scale compared with larger multi-contract leisure operators
  - ▶ **Higher support service costs – 15% of steady state turnover** – proportionally higher support service costs (payroll, HR, finance, property, health & safety, I.T etc.) as these cannot be shared across multiple contracts
  - ▶ **Higher NNDR costs - £83,091 per annum** – business rates estimated based on rateable value of RFSC and 2021 multiplier, proportional increase in new facility's GIFA compared with RFSC and the proportion of business rates not retained by PCC (51%).
- 6.5.14 Based on these assumptions, the average annual operational surplus generated over the 15-year period under an LATC is reduced to £736,309, compared with £1,219,672.

### Summary

- 6.5.15 Table 10 shows the 15-year total and annual average costs of the Optimal facility mix replacement option both with an external operator running the new facility, and an LATC throughput. An annual breakdown with detailed income and expenditure by year is shown in Appendix C.

Table 10: Financial implications of Optimal Options

Optimal	15-Year Total	15-Year Annual Average	15-Year Total	15-Year Annual Average
<i>Operating Model Years 4 - 15</i>		<i>External Operator</i>		<i>LATC</i>
Income	£64,200,755	£4,280,050	£58,179,980	£3,878,665
Expenditure	£45,905,679	£3,060,379	£47,135,340	£3,142,356
<b>Operational Surplus / (Subsidy)</b>	<b>£18,295,076</b>	<b>£1,219,672</b>	<b>£11,044,640</b>	<b>£736,309</b>
NNDR	£143,460	£9,564	£1,326,092	£88,406
Support Services	£4,275,990	£285,066	£8,791,571	£586,105
Operator Profit	£3,612,465	£240,831	£	£
<b>Total Surplus / (Subsidy)</b>	<b>£10,263,161</b>	<b>£684,211</b>	<b>£926,977</b>	<b>£61,798</b>
Lifecycle / Condition Survey Costs	£1,210,518	£80,701	£1,210,518	£80,701
Build Cost Capital Repayments	£20,366,505	£1,357,767	£20,366,505	£1,357,767
<b>Net Surplus / (Subsidy) incl. capital</b>	<b>(£11,313,862)</b>	<b>(£754,257)</b>	<b>(£20,650,047)</b>	<b>(£1,376,670)</b>

6.5.16 Taking into account the capital repayments over the period of both the condition survey investment cost and new facility build costs, the lifecycle costs for the new facility, the total cost of this option over the 15-year period of £11.3M with an external operator for the new facility or £20.7M under the LATC management model.

6.5.17 A sensitivity analysis has been applied to this option to demonstrate the potential impact of an under or over performance in income or increases in assumed costs on the overall funding gap over the period. As shown in Table 11 this demonstrates that a 10% over performance on income would result in a reduced average annual subsidy of c. £326K compared with £754K under the baseline model. In contrast, under performance on income of 10% would increase the annual subsidy to £1.18M and a 10% increase in costs would increase it to £1.06M.

Table 11: Optimal Option Sensitivity Analysis

Optimal 15-year average - Sensitivity Scenarios		Scenario 1	Scenario 2	Scenario 3
External Facility Operator baseline		Above average (10%) income & base costs	Below average (-10%) income & base costs	Base income and increased costs (10%)
	Annual Average			
Income		10%	-10%	0%
Income Total	£4,280,050	£4,708,055	£3,852,045	£4,280,050
Expenditure		0%	0%	10%
Expenditure Total	£3,060,379	£3,060,379	£3,060,379	£3,366,416
<b>Operational Surplus / (Subsidy)</b>	<b>£1,219,672</b>	<b>£1,647,677</b>	<b>£791,667</b>	<b>£913,634</b>
<b>Other Costs</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>
NNDR	£9,564	£9,564	£9,564	£9,564
Support Services	£285,066	£285,066	£285,066	£285,066
Operator Profit	£240,831	£240,831	£240,831	£240,831
Total Other Costs	£535,461	£535,461	£535,461	£535,461
<b>Total Surplus / (Subsidy)</b>	<b>£684,211</b>	<b>£1,112,216</b>	<b>£256,206</b>	<b>£378,173</b>
<b>Capital / Lifecycle Costs</b>		<b>0%</b>	<b>0%</b>	<b>0%</b>
Lifecycle / Condition Survey Costs	£80,701	£80,701	£80,701	£80,701
Build Cost Capital Repayments	£1,357,767	£1,357,767	£1,357,767	£1,357,767
Total Capital / Lifecycle Costs	£1,438,468	£1,438,468	£1,438,468	£1,438,468
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>-£754,257</b>	<b>-£326,252</b>	<b>-£1,182,263</b>	<b>-£1,060,295</b>

- 6.5.18 An extrapolation of the figures over 40 years from the opening of the new facility based on 2% annual inflationary adjustments has been developed to provide an indication of the total funding gap over the period. Base on this extrapolation, the total subsidy required for the Optimal option (assuming an external operator model) would be £12.8M.

## 6.6 Comparison of Options

- 6.6.1 Table 12 shows a comparison of the options based on 15-year totals. This demonstrates that all options would require a subsidy from the Council or for alternative sources of capital funding to be found to reduce the borrowing requirements. The lowest cost option over the 15-year period is the Essential option, operated under an external operator at a total cost of £10,081,420.
- 6.6.2 Whilst this is a significant funding gap, if the Council believes that the facility will need to be replaced once it reaches the end of its usable life, this option actually represents a saving of c. £9.4M compared with the 2031 replacement option.
- 6.6.3 Due to its lower capital cost requirements, the Essential option offers marginally the best value option over a 15-year period. However, if the figures are extrapolated with adjustments for inflation over a 40 year period from the development of a new facility, the Optimal option has a smaller overall funding gap of £12.8M compared with £17.8M for the Essential option.
- 6.6.4 The larger operational surplus generated the Optimal facility is better able to meet the fixed borrowing costs in future years, resulting in the lower overall subsidy. It should be noted however that this is a simple straight-line extrapolation which has not sought to take account of any changes in financial performance or market conditions, beyond those built into the 15-year business plan figures.

**Table 12: Comparison of Options**

Options Comparison - 15 Year Total	2031 Replacement		No Replacement		Essential	Optimal	2031 Replacement	Essential	Optimal
Replacement Facility Operating Model	External	LATC	LATC	External	External	LATC	LATC	LATC	
Income	£29,095,971	£11,965,838	£11,965,838	£44,679,443	£64,200,755	£27,386,663	£40,610,799	£58,179,980	
Expenditure	£28,938,187	£15,587,838	£15,587,838	£34,286,612	£45,905,679	£29,304,852	£35,117,449	£47,135,340	
<b>Operational Surplus /</b>	<b>£157,784</b>	<b>(£3,622,000)</b>	<b>(£3,622,000)</b>	<b>£10,392,831</b>	<b>£18,295,076</b>	<b>(£1,918,189)</b>	<b>£5,493,351</b>	<b>£11,044,640</b>	
Other Costs	£4,943,398	£2,887,288	£2,887,288	£5,689,357	£8,031,915	£5,547,885	£7,079,263	£10,117,663	
Capital / Lifecycle Costs	£14,663,861	£6,676,097	£6,676,097	£14,784,893	£21,577,023	£14,663,861	£14,784,893	£21,577,023	
<b>Net Surplus / (Subsidy) incl. capital</b>	<b>(£19,449,475)</b>	<b>(£13,185,385)</b>	<b>(£13,185,385)</b>	<b>(£10,081,420)</b>	<b>(£11,313,862)</b>	<b>(£22,129,935)</b>	<b>(£16,370,805)</b>	<b>(£20,650,047)</b>	
Saving compared with 2031 replacement	n/a	£6,264,090	£6,264,090	£9,368,055	£8,135,613	(£2,680,460)	£3,078,670	(£1,200,572)	
<b>40-Year Net Surplus /</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>(£17,767,335)</b>	<b>(£12,771,278)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	

## 7. Conclusions and Recommendations

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### 7.1 Conclusions

7.1.1 The key conclusions arising from the feasibility study on the replacement of RFSC are as follows:

- a) The current state review of the existing RFSC shows that overall level of usage and income is relatively typical for a facility of the age of RFSC and there is no evidence of a significant decline in financial performance over recent years. However, usage and financial performance is significantly below what would be expected from a comparable modern leisure facility in a number of key areas. This is considered to be largely as a result of the poor condition and quality of facilities at RFSC
- b) The needs analysis has demonstrated that there is clear evidence of a lack of capacity within existing provision to adequately meet the demand for public swimming, swimming clubs and a learn to swim programme. This is apparent through desktop studies and is supported by the engagement undertaken with key stakeholders Vivacity and Swim England
- c) Any replacement facility will need to provide an increase in water space and be configured to allow for maximum flexibility in terms of programming between club, public and learn to swim sessions in particular
- d) Whilst desktop analysis has indicated a theoretical oversupply of health and fitness facilities in the city, the inclusion of a high quality, suitably sized gym facility with accompanying exercise studio provision would still be highly recommended for any new leisure facility and would expect to capture a strong share of the existing market.
- e) There is demand for additional sports hall provision in Peterborough as demonstrated through the Sport England Facility Planning Model report and Indoor Built Facilities Strategy
- f) The results of the needs analysis supports the facility mix options developed as part of the Stage 1 Options Appraisal and has identified no evidence to suggest that these options should be altered.
- g) Taking into account the repayment of lifecycle costs identified through condition surveys, the total cost of continuing to operate the existing RFSC over the remainder of its usable life is c. **£13.2M**.
- h) Taking into account the capital repayments over the period of both the condition survey investment costs and new facility build costs and lifecycle costs for the new facility, the total cost over a 15-year period of replacing RFSC when it comes to the end of its usable life in 2031 is c. **£19.4M**
- i) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Essential facility mix option is c. **£10.1M** under an external operator management model or c. **£16.4M** under the LATC model
- j) Taking into account the capital repayments of the new build and lifecycle costs for the new facility, the total cost over the 15-year period of the Optimal facility mix option is c. **£11.3M** with an external operator management model or c. **£20.7M** under the LATC model.

### 7.2 Recommendations

7.2.1 The recommendations for the Council are as follows:

- Assuming that the Council agree that there is a strategic need to replace the facility at some point and that it would be unacceptable to allow the facility to close without replacement, best value would be achieved by making that investment immediately rather than sinking further cost into sustaining an old, inefficient and suboptimal facility

- ▶ Of the two facility replacement options, there is little difference in the total cost over 15 years with the Optimal option being slightly more expensive over the period. This option does, however, provide a much more significant level of provision for a relatively small increase in overall cost, so the Council should consider this to be the best value option. This is further supported by the fact that over a longer period, the Optimal option is likely to prove to be a less costly option than the Essential facility mix, as demonstrated by the extrapolation of costs over a 40-year period
- ▶ The modelling clearly indicates that external management by a multi-site provider would be the most financially advantageous operating model. However, the Council may wish test this further through a more detailed options appraisal which considers the whole of the Council's leisure portfolio and which also assesses the non-financial implications of different management models.

## 8. Appendix A: Detailed Financial Modelling

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Provided as separate Excel document: Peterborough Financial Modelling Final Ver 2.0

## 9. Appendix B: Income and Expenditure Assumptions

	Essential	Optimal
	General comments / Key Assumptions	General comments / Key Assumptions
<b>Income</b>		
<b>Swimming (and spectator seating)</b>	<p>Identified shortfall in water space, identified additional demand from swimming clubs and latent demand for swimming lesson used to support income assumptions. Projected combined general swim and pool hire throughput of c. 187K is a significant increase from c. 122K at RFSC, but this reflects increased main pool water space, increased capacity to accommodate clubs and improved facility with significantly greater appeal. C. 2000 swimming lesson pupils projected for regular lessons compared with c. 1070 at RFSC, reflecting significant latent demand (c.1700 pupils) and ability to deliver significant increases to programming. Pricing is based on Vivacity rates with modest uplift (due to size increase / facility improvement) to pool hire costs.</p>	<p>Identified shortfall in water space, identified additional demand from swimming clubs and latent demand for swimming lesson used to support income assumptions. Projected combined general swim and pool hire throughput of c. 300K is a significant increase from c. 122K at RFSC, but this reflects the inclusion of a new leisure pool, increased main pool water space, improved flexibility of water space, increased capacity to accommodate clubs and improved facility with significantly greater appeal. C. 2000 swimming lesson pupils projected for regular lessons compared with c. 1070 at RFSC, reflecting significant latent demand (c.2000 pupils) and ability to deliver significant increases to programming. Pricing is based on Vivacity rates with modest uplift (due to size increase / facility improvement) to pool hire costs.</p>
	<p><b>25m Main Pool</b></p> <p><b>15m x 10m teaching pool</b></p> <p><b>320 spectator seats</b></p> <p>Total of 95 opening hours per week. In main pool 15% of hours are used for pool hire and 15% for swimming lessons. In teaching pool 20% are used for pool hire and 20% for swimming lesson</p> <p>The main pool has a maximum capacity of 70 and the teaching pool 25 (based on 6SQM per swimmer).</p> <p>14.25 hours of main pool hire by schools, clubs etc. per week during term time at a rate of £180 (based on current pricing). 19 hours of teaching pool hire during term time at a rate of £75. Total of £100,035 main pool hire income and £55,575 teaching pool hire</p> <p>General swimming available the remaining 70% of main pool hours (85%</p>	<p><b>25m Main Pool with moveable floor</b></p> <p><b>20m x 12.5m teaching pool with moveable floor</b></p> <p><b>Leisure water with flume, water feature and splash zone</b></p> <p><b>360 spectator seats</b></p> <p>Total of 95 opening hours per week. In main pool 15% of hours are used for pool hire and 15% for swimming lessons. In teaching pool 20% are used for pool hire and 20% for swimming lesson</p> <p>The main pool has a maximum capacity of 70 and the teaching pool 41 (based on 6SQM per swimmer). The leisure pool has a maximum capacity of 58.</p> <p>14.25 hours of main pool hire by schools, clubs etc. per week during term time at a rate of £180 (based on current pricing). 19 hours of teaching pool hire during term time at a rate of £120. Total of</p>

	Essential	Optimal
	<i>General comments / Key Assumptions</i>	<i>General comments / Key Assumptions</i>
	<p>outside of term time). During term time the occupancy rate of general swimming sessions in 45%; 50% in non-term time.</p> <p>70% of swims are assumed to be from members (included in membership cost) 12.5% by adults, 10% by children and 7.5% by concessions.</p> <p>The teaching pool is available for general swimming 60% of hours during term time and 80% of hours in non-term time. The occupancy rate is 40% in term time and 35% during holidays.</p> <p>12.5% of swims are assumed to be by adults, 7.5% by concessions and 80% by children.</p> <p>Total of £128,856 main pool casual swimming income and £110,327 teaching pool casual swimming income</p> <p>There are a total of 28 half hour swimming lesson sessions per week in the main pool, each with 6 classes. The teaching pool has a total of 38 sessions per week with 3 classes per session. Each class has a maximum capacity of 10 pupils and the programme has an estimated occupancy of 60%. Lessons are charged at £6.75 per class (based on current pricing).</p> <p>14 intensive holiday course session per week are also run outside of term time with a maximum capacity of 60 pupils per session in the main pool and 19 sessions each with a maximum capacity of 30 pupils in the teaching pool. The estimated occupancy is 60%. Lessons are charged at £5 per class (based on current pricing).</p> <p>Total of £367,920 main pool swimming lesson income and £249,660 teaching pool swimming lesson income.</p> <p>Spectator seating charged a £1 per seat. Estimated occupancy of 50% across c. 50 events per annum</p> <p><b>Total main pool income - £596,811</b></p> <p><b>Total teaching pool income - £415,562</b></p> <p><b>Total swimming income - £1,012,373</b></p> <p><b>Total spectator seating income - £8,000</b></p>	<p>£100,035 main pool hire income and £88,920 teaching pool hire</p> <p>General swimming available the remaining 70% of main pool hours (85% outside of term time). During term time the occupancy rate of general swimming sessions in 45%; 50% in non-term time.</p> <p>70% of swims are assumed to be from members (included in membership cost) 12.5% by adults, 10% by children and 7.5% by concessions.</p> <p>The teaching pool is available for general swimming 60% of hours during term time and 80% of hours in non-term time. The occupancy rate is 40% in term time and 35% during holidays.</p> <p>12.5% of swims are assumed to be by adults, 7.5% by concessions and 80% by children.</p> <p>The leisure pool has c. 51.5 peak hours and 43.5 off peak hours per week with an assumed occupancy rate of 40% and 25% respectively. 12.5% of leisure pool swims are assumed to be by adults, 7.5% by concessions and 80% by children.</p> <p>Total of £128,856 main pool casual swimming income, £180,936 teaching pool casual swimming income and £318,330 leisure pool casual swimming income.</p> <p>There are a total of 28 half hour swimming lesson sessions per week in the main pool, each with 8 classes. The teaching pool has a total of 38 sessions per week with 4 classes per session (additional classes due to moveable floor). Each class has a maximum capacity of 10 pupils and the programme has an estimated occupancy of 55%. Lessons are charged at £6.75 per class (based on current pricing).</p> <p>14 intensive holiday course session per week are also run outside of term time with a maximum capacity of 80 pupils per session in the main pool and 19 sessions each with a maximum capacity of 40 pupils in the teaching pool. The estimated occupancy is 55%. Lessons are charged at £5 per class (based on current pricing).</p>

	Essential	Optimal
	General comments / Key Assumptions	General comments / Key Assumptions
		<p>Total of £449,680 main pool swimming lesson income and £305,140 teaching pool swimming lesson income.</p> <p>Spectator seating charged a £1 per seat. Estimated occupancy of 50% across c. 50 events per annum</p> <p><b>Total main pool income - £678,571</b></p> <p><b>Total teaching pool income - £574,996</b></p> <p><b>Total leisure pool income - £318,330</b></p> <p><b>Total swimming income - £1,571,897</b></p> <p><b>Total spectator seating income - £9,000</b></p>
Health & Fitness	<p><i>Based on 24 members per station (drawing on local knowledge and insight from PCC officers), income is based on projection of 3600 members plus limited casual use. This compares with c. 18 members per station at a gym about half the size at RFSC currently. Although there is a local oversupply, a new facility with a broad offer such as this should be able to claim significant market share. Pricing based on former Vivacity rates with 20% reduction applied to allow margin for promotions etc.</i></p>	<p><i>Based on 24 members per station (drawing on local knowledge and insight from PCC officers), income is based on projection of 4200 members plus limited casual use. This compares with c. 18 members per station at a gym less than half the size at RFSC currently. Although there is a local oversupply, a new facility with a broad offer such as this should be able to claim significant market share. Pricing based on former Vivacity rates with 20% reduction applied to allow margin for promotions etc.</i></p>
	<p><b>150 station H&amp;F Gym</b></p> <p>150 stations with 24 members per station and average monthly yield of £33.80 for full price memberships and £21.12 for concessions. Prices are based on current adult and concessionary rates, estimated membership split and a 20% reduction to account for discounts and promotions</p> <p>Casual income at 10% of membership use (calculated based on estimated 2 weekly visits per member). Casual visits are charged at £7 for full price adults (65%) and £4.75 for concessions (35%) – based on current prices.</p> <p><b>Total health &amp; fitness membership income - £1,1,295,827</b></p> <p><b>Total casual health &amp; fitness gym income - £223,650</b></p> <p><b>Total health &amp; fitness gym income - £1,519,477</b></p>	<p><b>175 station H&amp;F Gym</b></p> <p>175 stations with 24 members per station and average monthly yield of £33.80 for full price memberships and £21.12 for concessions. Prices are based on current adult and concessionary rates, estimated membership split and a 20% reduction to account for discounts and promotions</p> <p>Casual income at 10% of membership use (calculated based on estimated 2 weekly visits per member). Casual visits are charged at £7 for full price adults (65%) and £4.75 for concessions (35%) – based on current prices.</p> <p><b>Total health &amp; fitness membership income - £1511,798</b></p> <p><b>Total casual health &amp; fitness gym income - £260,925</b></p> <p><b>Total health &amp; fitness gym income - £1,772,723</b></p>

	Essential	Optimal
	General comments / Key Assumptions	General comments / Key Assumptions
<b>Studios</b>	<i>Studio provision primarily supports health and fitness membership income with some limited income from pay and play visits. Pricing based on former Vivacity rates</i>	<i>Studio provision primarily supports health and fitness membership income with some limited income from pay and play visits. Occupancy is higher compared with Essential reflecting increase in members. Pricing based on former Vivacity rates</i>
	<p><b>2 x 200 SQM exercise studios</b></p> <p><b>20 bike spin studio</b></p> <p>Capacity of 40 people per exercise studio (2 studios), each with 32 classes per week and an average class occupancy of 60%</p> <p>Class attendance split into 75% members (no charge), 20% full price pay and play (£7 per class) and 5% concessionary pay &amp; play (£5 per class). Casual prices are increased from current levels to reflect improved quality and market pricing</p> <p>Spin studio with capacity for 20 bikes, 32 instructor-led classes per week and occupancy of 70%.</p> <p>Class attendance split into 75% members, 20% full price pay and play and 5% concessionary pay and play</p> <p>16 additional virtual spin classes per week have a 25% occupancy with virtual class attendance split into 85% members, 10% full price pay and play and 5% concessionary pay and play.</p> <p><b>Total studio income - £165,880</b></p>	<p><b>3 x 200 SQM exercise studios</b></p> <p><b>20 bike spin studio</b></p> <p>Capacity of 40 people per exercise studio (3 studios), each with 32 classes per week and an average class occupancy of 65%</p> <p>Class attendance split into 75% members (no charge), 20% full price pay and play (£7 per class) and 5% concessionary pay &amp; play (£5 per class). Casual prices are increased from current levels to reflect improved quality and market pricing</p> <p>Spin studio with capacity for 20 bikes, 32 instructor-led classes per week and occupancy of 65%.</p> <p>Class attendance split into 75% members, 20% full price pay and play and 5% concessionary pay and play</p> <p>16 additional virtual spin classes per week have a 30% occupancy with virtual class attendance split into 85% members, 10% full price pay and play and 5% concessionary pay and play.</p> <p><b>Total studio income - £208,560</b></p>
<b>Health Suite and Treatment Rooms</b>	<i>Relatively modest income from casual visits assumed (c. £18K) plus additional income from upgraded memberships.</i>	<i>Relatively modest income health suite from casual visits assumed (c. £20K) plus additional income from upgraded memberships. Increase compared with Essential reflects higher membership and throughput levels. Treatment room income is based rental to a third party specialist provider.</i>
	<p>Total of 65 opening hours per week – 32 peak hours and 33 off peak hours.</p> <p>Total capacity of 12 people.</p> <p>Estimated peak time occupancy of 40% and off peak occupancy of 25%.</p> <p>80% of visits are assumed to be by members at no cost, 15% at full price (peak £8.75 / off peak £7) and 5% at a concessionary rate (£6 / £4.80).</p>	<p>Total of 65 opening hours per week – 32 peak hours and 33 off peak hours.</p> <p>Total capacity of 12 people.</p> <p>Estimated peak time occupancy of 45% and off peak occupancy of 30%.</p> <p>80% of visits are assumed to be by members at no cost, 15% at full price (peak £8.75 / off peak £7) and 5% at a concessionary rate (£6 / £4.80).</p>

	Essential	Optimal
	<i>General comments / Key Assumptions</i>	<i>General comments / Key Assumptions</i>
	<p>Estimated 7.5% of members take up a spa membership upgrade at an additional cost of £6 per month.</p> <p><b>Total health suite income - £37,274</b></p>	<p>Estimated 7.5% of members take up a spa membership upgrade at an additional cost of £6 per month.</p> <p>Treatment room rental income of £20,000 per room (2).</p> <p><b>Total health suite income - £43,151</b></p> <p><b>Total treatment room income - £40,000</b></p>
Café / Vending	<p><i>Based on activity specific spend assumptions - income is balanced by Cost of Sales and staffing. Small profit margin typical of leisure centre provision.</i></p>	<p><i>Based on activity specific spend assumptions - income is balanced by Cost of Sales and staffing. Small profit margin typical of leisure centre provision.</i></p>
	<p>Estimated £0.25 spend per visit</p> <p>Estimated throughput of 862,070 calculated based on membership and casual visits from other facility activity areas</p> <p><b>Total café / vending income - £215,517</b></p>	<p>Estimated £0.25 spend per visit (members, casual users, parents / spectators) and £3 per head for parties (soft play / clip n climb).</p> <p>Estimated throughput of 1,239,427 calculated based on membership and casual visits from other facility activity areas</p> <p><b>Total café / vending income - £348,357</b></p>
Sports Hall	N/A	<p><i>Shortfall in Sports Hall provision identified in FPM. Modest income levels projected based on c. 40% occupancy and current vivacity rates. Total income of c. £75K is in line with expected income levels for 4-court sports hall.</i></p>
	N/A	<p>35.5 peak hours per week with an expected occupancy of 50%. Booking split between 40% whole hall bookings at £55 and 60% single court bookings (assuming 50% of courts on average booked at any one time) at £12.50.</p> <p>59.5 off peak hours per week with an expected occupancy of 35%. Booking split between 65% whole hall bookings at £50 and 35% single court bookings (assuming 50% of courts on average booked at any one time) at £11.50.</p> <p><b>Total sports hall income - £75,060</b></p>
Soft Play	N/A	<p><i>Large soft play facility over 2 levels adjacent to café has significant capacity. Conservative occupancy levels for casual use projected with prices benchmarked with local facilities. Additional income projected from children's parties. Income levels comparable to similar scale leisure centre soft play facilities.</i></p>

	Essential	Optimal
	General comments / Key Assumptions	General comments / Key Assumptions
	N/A	<p>Total capacity of 40 children. Total of 33 peak hours per week and 30 off peak hours.</p> <p>An estimated 4 parties per week during peak hours (2 hrs each) with an average head count per party of 12 and price per head of £10.50.</p> <p>Estimated 2 parties per week during off peak hours with an average head count per party of 12 and price per head of £8.</p> <p>Total weekly casual use capacity during peak hours of 1,224 and expected occupancy of 40%. An estimated 25% of peak time visits is by over 5's at £5 and 75% by under 5's at 2.50.</p> <p>Total weekly casual use capacity during off peak hours of 1,152 and expected occupancy of 25%. An estimated 10% of off peak visits is by over 5's at £3.50 and 90% by under 5's at £1.50.</p> <p><b>Total party income - £34,800</b></p> <p><b>Total casual income - £100,980</b></p> <p><b>Total soft play income - £135,780</b></p>
Clip n Climb	N/A	<p><i>No competing clip n climb provision in the area. This is a popular family activity at the moment, but the space has the flexibility to be adapted when trends shift. Limited opening hours and conservative occupancy levels for casual use projected with prices benchmarked with similar facilities. Additional income projected from children's parties. Income levels modest compared to similar scale facilities.</i></p>
		<p>Total capacity of 12 people. Total of 40 weekday hours per week and 20 weekend hours.</p> <p>An estimated 5 parties per week (2 hrs each) with an average head count per party of 8 and price per head of £12.50.</p> <p>Expected weekday term time casual use occupancy of 40% (£8.50 per visit) and weekend term occupancy of 65% (£10 per visit).</p> <p>Expected weekday non-term time casual use occupancy of 50% (£8.50 per visit)</p>

	Essential	Optimal
	<i>General comments / Key Assumptions</i>	
		and weekend non-term occupancy of 65% (£10 per visit). <b>Total party income - £25,000</b> <b>Total casual income - £148,488</b> <b>Total soft play income - £173,4880</b>
<b>Expenditure</b>		
<b>Staffing</b>	As shown in staff costs breakdown below.	
<b>Repair and Maintenance</b>	Based on 0.5% of capital cost – benchmarked cost to cover day to day repairs / reactive maintenance and planned preventative maintenance.	
<b>Water &amp; Utilities</b>	Based on £30 per SQM benchmark which has been tested through consultation with sector leading energy consultants, Leisure Energy. Leisure Energy has identified that there may be significant opportunities for ongoing revenue savings through additional investment in energy efficiency and it is recommended that these are explored further through any further detailed design stages	
<b>Equipment</b>	Based on 0.5% of income – benchmarked cost to cover replacement of minor equipment purchases.	
<b>Cost of Sales</b>	50% of sales – fluctuates based on café / vending income levels.	
<b>Cleaning</b>	Based on 1% of income – benchmarked cost to cover contract cleaning and materials. Spot cleaning / reactive cleaning undertaken by duty officers / leisure assistants.	
<b>Marketing</b>	Based on 2.0% of income – benchmarked cost to cover site-based marketing and promotions. Some central marketing function provided by head office.	
<b>Insurance</b>	Based on 1% of income – benchmarked, linked to income, as costs will differ linked to scale / throughput / usage.	
<b>IT / Admin Legals and Licenses</b>	Based on 2% of income – benchmarked against recent market data.	
<b>Irrecoverable VAT</b>	Based on 7.5% of income – benchmarked against recent market data, but expect level of VAT recovery will depend on the specific operator’s model. Some operators are able to recover a higher proportion of VAT.	
<b>Capital Equipment replacement fund</b>	Based on identified fixtures, fittings and equipment costs for the site and estimated replacement periods – depreciation.	

### Essential Facility Mix – Staff Costs

Staff Costs	Essential Facility mix			
<b>Permanent Staff</b>	<b>FTEs</b>	<b>Salary £</b>	<b>On Costs (%)</b>	<b>Total Cost £</b>
Centre Manager	1	£38,000	15%	£43,700
Operations Manager	1	£30,000	15%	£34,500
Admin / Front of House Manager	1	£28,000	15%	£32,200
Maintenance Manager	1	£26,000	15%	£29,900
Maintenance Technician	1	£22,000	15%	£25,300
Duty Managers	3	£25,000	15%	£86,250
Receptionists	4.5	£20,000	15%	£103,500
Administrative Assistants	2	£22,000	15%	£50,600
Leisure Assistants / Lifeguards	12	£19,000	15%	£262,200
Sales Advisors	1.5	£25,000	15%	£43,125
Swim School Supervisor	1	£25,000	15%	£28,750
Health & Fitness Manager	1	£25,000	15%	£28,750
Health & Fitness Assistants	3	£20,000	15%	£69,000
Group Exercise Coordinator	0	£20,000	15%	£0
Clip n Climb Attendants	0	£19,000	15%	£0
Soft Play Attendants	0	£19,000	15%	£0
Food & Beverage Manager	0.75	£28,000	15%	£24,150
Cafe Staff	3	£18,000	15%	£62,100
Spa Technicians	0	£25,000	15%	£0
<b>Total Permanent Staff Costs</b>				<b>£924,025</b>
<b>Casual Staff</b>	<b>Hours P.A.</b>	<b>Hourly Rate £</b>		<b>Total Cost £</b>
Studio Class Instructors	3200	£22		£70,400
Spin Studio Instructors	1600	£22		£35,200
Swimming Instructors	7825.5	£18		£140,859
Casual Café staff	2575	£10		£25,750
Casual Leisure Assistants / Lifeguards	5150	£12		£61,800
<b>Total Casual Staff Costs</b>				<b>£334,009</b>
<b>Other Staff Costs</b>				<b>Total Cost £</b>
Training				£11,000
Uniform				£6,000
<b>Total Casual Staff Costs</b>				<b>£17,000</b>
<b>Total Staff Costs</b>				<b>£1,275,034</b>

### Optimal Facility Mix Staff Costs

Staff Costs	Optimal Facility mix			
Permanent Staff	FTEs	Salary £	On Costs (%)	Total Cost £
Centre Manager	1	£38,000	15%	£43,700
Operations Manager	1	£30,000	15%	£34,500
Admin / Front of House Manager	1	£28,000	15%	£32,200
Maintenance Manager	1	£26,000	15%	£29,900
Maintenance Technician	1.5	£22,000	15%	£37,950
Duty Managers	3	£25,000	15%	£86,250
Receptionists	5.5	£20,000	15%	£126,500
Administrative Assistants	2.5	£22,000	15%	£63,250
Leisure Assistants / Lifeguards	15	£19,000	15%	£327,750
Sales Advisors	2	£25,000	15%	£57,500
Swim School Supervisor	1	£25,000	15%	£28,750
Health & Fitness Manager	1	£25,000	15%	£28,750
Health & Fitness Assistants	4	£20,000	15%	£92,000
Group Exercise Coordinator	0.5	£20,000	15%	£11,500
Clip n Climb Attendants	3	£19,000	15%	£65,550
Soft Play Attendants	0	£19,000	15%	£0
Food & Beverage Manager	1	£28,000	15%	£32,200
Cafe Staff	6	£18,000	15%	£124,200
Spa Technicians	0.0	£25,000	15%	£0
<b>Total Permanent Staff Costs</b>				<b>£1,222,450</b>
Casual Staff	Hours P.A.	Hourly Rate £		Total Cost £
Studio Class Instructors	4800	£22		£105,600
Spin Studio Instructors	1600	£22		£35,200
Swimming Instructors	10434	£18		£187,812
Casual Café staff	2575	£10		£25,750
Casual Leisure Assistants / Lifeguards	7725	£12		£92,700
<b>Total Casual Staff Costs</b>				<b>£447,062</b>
Other Staff Costs				Total Cost £
Training				£13,500
Uniform				£7,500
<b>Total Casual Staff Costs</b>				<b>£21,000</b>
<b>Total Staff Costs</b>				<b>£1,690,512</b>

## 10. Appendix C: 15-year income and expenditure summaries – all options

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No Replacement

2031 Replacement

2031 Replacement LATC

Essential

Essential LATC

Optimal

Optimal LATC

Indicative 15-year costs		Indicative Forecast Figures - LATC																
Do nothing option - costs to the Council																		
Annual inflation rate		2%																
No Replacement - LATC management		RFSC Baseline - 2020/21	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
<b>Income</b>			-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	No provision		
H&F	£655,262	£622,499	£603,202	£584,503	£566,383	£548,825	£531,812	£515,325	£499,350	£483,870	£468,870	£0	£0	£0	£0	£0	£0	£5,424,640
Swim Academy	£347,861	£330,468	£320,223	£310,296	£300,677	£291,356	£282,324	£273,572	£265,091	£256,874	£248,910	£0	£0	£0	£0	£0	£0	£2,879,792
School Swimming	£69,716	£66,230	£64,177	£62,187	£60,260	£58,392	£56,581	£54,827	£53,128	£51,481	£49,885	£0	£0	£0	£0	£0	£0	£577,148
Pool Admissions	£204,583	£194,354	£188,329	£182,491	£176,834	£171,352	£166,040	£160,893	£155,905	£151,072	£146,389	£0	£0	£0	£0	£0	£0	£1,693,658
Room Hire	£34,890	£33,146	£32,118	£31,123	£30,158	£29,223	£28,317	£27,439	£26,589	£25,764	£24,966	£0	£0	£0	£0	£0	£0	£288,842
Vending / Retail	£40,475	£38,451	£37,259	£36,104	£34,985	£33,900	£32,849	£31,831	£30,844	£29,888	£28,962	£0	£0	£0	£0	£0	£0	£335,074
Health Suite	£12,538	£11,911	£11,541	£11,184	£10,837	£10,501	£10,175	£9,860	£9,554	£9,258	£8,971	£0	£0	£0	£0	£0	£0	£103,793
Parking	£41,716	£39,630	£38,401	£37,211	£36,057	£34,940	£33,857	£32,807	£31,790	£30,804	£29,850	£0	£0	£0	£0	£0	£0	£345,347
Other	£38,357	£36,439	£35,310	£34,215	£33,154	£32,127	£31,131	£30,166	£29,231	£28,324	£27,446	£0	£0	£0	£0	£0	£0	£317,543
<b>Total Income</b>	<b>£1,445,398</b>	<b>£1,373,128</b>	<b>£1,330,561</b>	<b>£1,289,314</b>	<b>£1,249,345</b>	<b>£1,210,615</b>	<b>£1,173,086</b>	<b>£1,136,721</b>	<b>£1,101,482</b>	<b>£1,067,336</b>	<b>£1,034,249</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£11,965,838</b>
<b>Expenditure</b>			2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	No provision		
Staffing*	£934,293	£934,293	£952,979	£972,039	£991,479	£1,011,309	£1,031,535	£1,052,166	£1,073,209	£1,094,673	£1,116,567	£0	£0	£0	£0	£0	£0	£10,230,250
R&M	£55,449	£56,835	£59,421	£62,125	£64,952	£67,907	£70,997	£74,227	£77,605	£81,136	£84,827	£0	£0	£0	£0	£0	£0	£700,032
FF&E / IT / Equipment*	£14,383	£14,383	£14,671	£14,964	£15,264	£15,569	£15,880	£16,198	£16,522	£16,852	£17,189	£0	£0	£0	£0	£0	£0	£157,493
Cleaning/ Other Premises	£69,621	£71,361	£74,608	£78,003	£81,552	£85,262	£89,142	£93,198	£97,438	£101,872	£106,507	£0	£0	£0	£0	£0	£0	£878,943
Office / Admin*	£9,254	£9,254	£9,439	£9,628	£9,820	£10,017	£10,217	£10,422	£10,630	£10,843	£11,059	£0	£0	£0	£0	£0	£0	£101,329
Insurance / Licenses*	£17,999	£17,999	£18,359	£18,726	£19,101	£19,483	£19,872	£20,270	£20,675	£21,089	£21,510	£0	£0	£0	£0	£0	£0	£197,082
Irrecoverable VAT*	£23,410	£23,410	£23,878	£24,356	£24,843	£25,340	£25,846	£26,363	£26,891	£27,428	£27,977	£0	£0	£0	£0	£0	£0	£256,331
Depreciation	£35,086	£35,963	£37,600	£39,310	£41,099	£42,969	£44,924	£46,968	£49,105	£51,340	£53,676	£0	£0	£0	£0	£0	£0	£442,955
Cost of Sales*	£34,516	£34,516	£35,206	£35,910	£36,628	£37,361	£38,108	£38,870	£39,648	£40,440	£41,249	£0	£0	£0	£0	£0	£0	£377,935
Utilities	£177,864	£182,310	£190,606	£199,278	£208,345	£217,825	£227,736	£238,098	£248,931	£260,258	£272,100	£0	£0	£0	£0	£0	£0	£2,245,487
<b>Total Expenditure</b>	<b>£1,371,875</b>	<b>£1,380,325</b>	<b>£1,416,767</b>	<b>£1,454,339</b>	<b>£1,493,083</b>	<b>£1,533,041</b>	<b>£1,574,258</b>	<b>£1,616,780</b>	<b>£1,660,654</b>	<b>£1,705,930</b>	<b>£1,752,661</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£15,587,838</b>
*Facility age related cost increases not applied																		
<b>Operational Surplus / (Subsidy)</b>	<b>£73,524</b>	<b>£-7,197</b>	<b>£-86,205</b>	<b>£-165,025</b>	<b>£-243,738</b>	<b>£-322,426</b>	<b>£-401,172</b>	<b>£-480,059</b>	<b>£-559,171</b>	<b>£-638,594</b>	<b>£-718,413</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£-3,622,000</b>
<b>Other Costs</b>																		
NNDR (net cost to Council)	£46,876	£46,876	£47,814	£48,770	£49,745	£50,740	£51,755	£52,790	£53,846	£54,923	£56,021	£0	£0	£0	£0	£0	£0	£513,282
Support Services	£216,810	£216,810	£221,146	£225,569	£230,080	£234,682	£239,375	£244,163	£249,046	£254,027	£259,108	£0	£0	£0	£0	£0	£0	£2,374,006
Operator Profit	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Other Costs</b>	<b>£263,686</b>	<b>£263,686</b>	<b>£268,960</b>	<b>£274,339</b>	<b>£279,826</b>	<b>£285,422</b>	<b>£291,131</b>	<b>£296,953</b>	<b>£302,892</b>	<b>£308,950</b>	<b>£315,129</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£2,887,288</b>
<b>Total Surplus / (Subsidy)</b>	<b>£-190,162</b>	<b>£-270,883</b>	<b>£-355,165</b>	<b>£-439,364</b>	<b>£-523,563</b>	<b>£-607,848</b>	<b>£-692,302</b>	<b>£-777,012</b>	<b>£-862,064</b>	<b>£-947,544</b>	<b>£-1,033,542</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£-6,509,288</b>
<b>Capital / Lifecycle Costs</b>																		
Lifecycle / Condition Survey Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£661,224	£661,097	£0	£0	£0	£0	£0	£0	£6,676,097
Build Cost Capital Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Capital / Lifecycle Costs</b>	<b>£721,855</b>	<b>£721,855</b>	<b>£662,046</b>	<b>£661,936</b>	<b>£661,823</b>	<b>£661,708</b>	<b>£661,590</b>	<b>£661,470</b>	<b>£661,348</b>	<b>£661,224</b>	<b>£661,097</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£6,676,097</b>
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>£-912,017</b>	<b>£-992,738</b>	<b>£-1,017,212</b>	<b>£-1,101,300</b>	<b>£-1,185,386</b>	<b>£-1,269,556</b>	<b>£-1,353,893</b>	<b>£-1,438,483</b>	<b>£-1,523,412</b>	<b>£-1,608,768</b>	<b>£-1,694,638</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£-13,185,385</b>

Indicative 15-year costs  
2031 Replacement - External Operator  
Annual inflation rate 2%

Indicative Forecast Figures - External Procured Operator

RFSC Baseline - 2020/21		Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
<b>Income</b>		New facility															
H&F	£655,262	£622,499	£603,202	£584,503	£566,383	£548,825	£531,812	£515,325	£499,350	£483,870	£468,870	£1,438,109	£1,781,200	£2,137,440	£2,180,189	£2,223,793	£15,185,372
Swim Academy	£347,861	£330,468	£320,223	£310,296	£300,677	£291,356	£282,324	£273,572	£265,091	£256,874	£248,910	£526,979	£652,701	£783,241	£798,906	£814,884	£6,456,502
School Swimming	£69,716	£66,230	£64,177	£62,187	£60,260	£58,392	£56,581	£54,827	£53,128	£51,481	£49,885	£132,781	£164,459	£197,351	£201,298	£205,324	£1,478,362
Pool Admissions	£204,583	£194,354	£188,329	£182,491	£176,834	£171,352	£166,040	£160,893	£155,905	£151,072	£146,389	£210,920	£261,240	£313,488	£319,757	£326,152	£3,125,215
Room Hire	£34,890	£33,146	£32,118	£31,123	£30,158	£29,223	£28,317	£27,439	£26,589	£25,764	£24,966	£0	£0	£0	£0	£0	£288,842
Vending / Retail	£40,475	£38,451	£37,259	£36,104	£34,985	£33,900	£32,849	£31,831	£30,844	£29,888	£28,962	£183,900	£227,773	£273,328	£278,795	£284,371	£1,583,241
Health Suite	£12,538	£11,911	£11,541	£11,184	£10,837	£10,501	£10,175	£9,860	£9,554	£9,258	£8,971	£27,689	£39,393	£47,272	£48,218	£49,182	£315,547
Parking	£41,716	£39,630	£38,401	£37,211	£36,057	£34,940	£33,857	£32,807	£31,790	£30,804	£29,850	£0	£0	£0	£0	£0	£345,347
Other	£38,357	£36,439	£35,310	£34,215	£33,154	£32,127	£31,131	£30,166	£29,231	£28,324	£27,446	£0	£0	£0	£0	£0	£317,543
<b>Total Income</b>	<b>£1,445,398</b>	<b>£1,373,128</b>	<b>£1,330,561</b>	<b>£1,289,314</b>	<b>£1,249,345</b>	<b>£1,210,615</b>	<b>£1,173,086</b>	<b>£1,136,721</b>	<b>£1,101,482</b>	<b>£1,067,336</b>	<b>£1,034,249</b>	<b>£2,520,378</b>	<b>£3,126,767</b>	<b>£3,752,120</b>	<b>£3,827,163</b>	<b>£3,903,706</b>	<b>£29,095,971</b>
<b>Expenditure</b>		New facility															
Staffing*	£934,293	£934,293	£952,979	£972,039	£991,479	£1,011,309	£1,031,535	£1,052,166	£1,073,209	£1,094,673	£1,116,567	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	£18,318,678
R&M	£55,449	£56,835	£59,421	£62,125	£64,952	£67,907	£70,997	£74,227	£77,605	£81,136	£84,827	£128,848	£131,425	£134,053	£136,734	£139,469	£1,370,561
FF&E / IT / Equipment*	£14,383	£14,383	£14,671	£14,964	£15,264	£15,569	£15,880	£16,198	£16,522	£16,852	£17,189	£18,032	£18,393	£18,761	£19,136	£19,519	£251,333
Cleaning/ Other Premises	£69,621	£71,361	£74,608	£78,003	£81,552	£85,262	£89,142	£93,198	£97,438	£101,872	£106,507	£36,064	£36,785	£37,521	£38,272	£39,037	£1,066,623
Office / Admin*	£9,254	£9,254	£9,439	£9,628	£9,820	£10,017	£10,217	£10,422	£10,630	£10,843	£11,059	£72,128	£73,571	£75,042	£76,543	£78,074	£476,688
Insurance / Licenses*	£17,999	£17,999	£18,359	£18,726	£19,101	£19,483	£19,872	£20,270	£20,675	£21,089	£21,510	£108,193	£110,356	£112,564	£114,815	£117,111	£760,121
Irrecoverable VAT*	£23,410	£23,410	£23,878	£24,356	£24,843	£25,340	£25,846	£26,363	£26,891	£27,428	£27,977	£270,482	£275,891	£281,409	£287,037	£292,778	£1,663,928
Depreciation	£35,086	£35,963	£37,600	£39,310	£41,099	£42,969	£44,924	£46,968	£49,105	£51,340	£53,676	£66,252	£67,577	£68,929	£70,308	£71,714	£787,735
Cost of Sales*	£34,516	£34,516	£35,206	£35,910	£36,628	£37,361	£38,108	£38,870	£39,648	£40,440	£41,249	£91,950	£113,887	£136,664	£139,397	£142,185	£1,002,019
Utilities	£177,864	£182,310	£190,606	£199,278	£208,345	£217,825	£227,736	£238,098	£248,931	£260,258	£272,100	£179,986	£183,585	£187,257	£191,002	£194,822	£3,182,140
<b>Total Expenditure</b>	<b>£1,371,875</b>	<b>£1,380,325</b>	<b>£1,416,767</b>	<b>£1,454,339</b>	<b>£1,493,083</b>	<b>£1,533,041</b>	<b>£1,574,258</b>	<b>£1,616,780</b>	<b>£1,660,654</b>	<b>£1,705,930</b>	<b>£1,752,661</b>	<b>£2,526,194</b>	<b>£2,596,816</b>	<b>£2,669,252</b>	<b>£2,722,637</b>	<b>£2,777,089</b>	<b>£28,879,825</b>
*Facility age related cost increases not applied																	
<b>Operational Surplus / (Subsidy)</b>	<b>£73,524</b>	<b>£-7,197</b>	<b>£-86,205</b>	<b>£-165,025</b>	<b>£-243,738</b>	<b>£-322,426</b>	<b>£-401,172</b>	<b>£-480,059</b>	<b>£-559,171</b>	<b>£-638,594</b>	<b>£-718,413</b>	<b>£-5,816</b>	<b>£529,951</b>	<b>£1,082,869</b>	<b>£1,104,526</b>	<b>£1,126,617</b>	<b>£216,146</b>
<b>Other Costs</b>																	
NNDR (net cost to Council)	£46,876	£46,876	£47,814	£48,770	£49,745	£50,740	£51,755	£52,790	£53,846	£54,923	£56,021	£0	£0	£0	£0	£0	£513,282
Support Services	£216,810	£216,810	£221,146	£225,569	£230,080	£234,682	£239,375	£244,163	£249,046	£254,027	£259,108	£151,470	£187,606	£225,127	£229,630	£234,222	£3,402,061
Operator Profit	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£151,470	£187,606	£225,127	£229,630	£234,222	£1,028,055
<b>Total Other Costs</b>	<b>£263,686</b>	<b>£263,686</b>	<b>£268,960</b>	<b>£274,339</b>	<b>£279,826</b>	<b>£285,422</b>	<b>£291,131</b>	<b>£296,953</b>	<b>£302,892</b>	<b>£308,950</b>	<b>£315,129</b>	<b>£302,939</b>	<b>£375,212</b>	<b>£450,254</b>	<b>£459,260</b>	<b>£468,445</b>	<b>£4,943,398</b>
<b>Total Surplus / (Subsidy)</b>	<b>£-190,162</b>	<b>£-270,883</b>	<b>£-355,165</b>	<b>£-439,364</b>	<b>£-523,563</b>	<b>£-607,848</b>	<b>£-692,302</b>	<b>£-777,012</b>	<b>£-862,064</b>	<b>£-947,544</b>	<b>£-1,033,542</b>	<b>£-308,756</b>	<b>£154,739</b>	<b>£632,614</b>	<b>£645,266</b>	<b>£658,172</b>	<b>£-4,727,252</b>
<b>Capital / Lifecycle Costs</b>																	
Lifecycle / Condition Survey Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£661,224	£661,097	£64,424	£65,712	£67,027	£68,367	£69,734	£7,011,362
Build Cost Capital Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£342,932	£1,116,899	£1,116,774	£1,116,647	£1,116,516	£1,116,383	£1,116,246	£7,042,396
<b>Total Capital / Lifecycle Costs</b>	<b>£721,855</b>	<b>£721,855</b>	<b>£662,046</b>	<b>£661,936</b>	<b>£661,823</b>	<b>£661,708</b>	<b>£661,590</b>	<b>£661,470</b>	<b>£661,348</b>	<b>£1,004,155</b>	<b>£1,777,996</b>	<b>£1,181,198</b>	<b>£1,182,359</b>	<b>£1,183,543</b>	<b>£1,184,750</b>	<b>£1,185,980</b>	<b>£14,053,758</b>
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>£-912,017</b>	<b>£-992,738</b>	<b>£-1,017,212</b>	<b>£-1,101,300</b>	<b>£-1,185,386</b>	<b>£-1,269,556</b>	<b>£-1,353,893</b>	<b>£-1,438,483</b>	<b>£-1,523,412</b>	<b>£-1,951,699</b>	<b>£-2,811,537</b>	<b>£-1,489,954</b>	<b>£-1,027,620</b>	<b>£-550,929</b>	<b>£-539,483</b>	<b>£-527,808</b>	<b>£-18,781,010</b>

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Indicative 15-year costs 2031 Replacement - LATC Annual inflation rate		Indicative Forecast Figures - LATC															
RFSC Baseline - 2020/21		Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
<b>Income</b>		-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	New facility					
H&F	£655,262	£622,499	£603,202	£584,503	£566,383	£548,825	£531,812	£515,325	£499,350	£483,870	£468,870	£1,294,298	£1,603,080	£1,923,696	£1,962,170	£2,001,414	£14,209,299
Swim Academy	£347,861	£330,468	£320,223	£310,296	£300,677	£291,356	£282,324	£273,572	£265,091	£256,874	£248,910	£474,281	£587,431	£704,917	£719,015	£733,395	£6,098,831
School Swimming	£69,716	£66,230	£64,177	£62,187	£60,260	£58,392	£56,581	£54,827	£53,128	£51,481	£49,885	£119,503	£148,013	£177,616	£181,168	£184,792	£1,388,241
Pool Admissions	£204,583	£194,354	£188,329	£182,491	£176,834	£171,352	£166,040	£160,893	£155,905	£151,072	£146,389	£189,828	£235,116	£282,139	£287,782	£293,537	£2,982,059
Room Hire	£34,890	£33,146	£32,118	£31,123	£30,158	£29,223	£28,317	£27,439	£26,589	£25,764	£24,966	£0	£0	£0	£0	£0	£288,842
Vending / Retail	£40,475	£38,451	£37,259	£36,104	£34,985	£33,900	£32,849	£31,831	£30,844	£29,888	£28,962	£165,510	£204,996	£245,995	£250,915	£255,934	£1,458,425
Health Suite	£12,538	£11,911	£11,541	£11,184	£10,837	£10,501	£10,175	£9,860	£9,554	£9,258	£8,971	£28,625	£35,454	£42,545	£43,396	£44,264	£298,077
Parking	£41,716	£39,630	£38,401	£37,211	£36,057	£34,940	£33,857	£32,807	£31,790	£30,804	£29,850	£0	£0	£0	£0	£0	£345,347
Other	£38,357	£36,439	£35,310	£34,215	£33,154	£32,127	£31,131	£30,166	£29,231	£28,324	£27,446	£0	£0	£0	£0	£0	£317,543
<b>Total Income</b>	<b>£1,445,398</b>	<b>£1,373,128</b>	<b>£1,330,561</b>	<b>£1,289,314</b>	<b>£1,249,345</b>	<b>£1,210,615</b>	<b>£1,173,086</b>	<b>£1,136,721</b>	<b>£1,101,482</b>	<b>£1,067,336</b>	<b>£1,034,249</b>	<b>£2,272,045</b>	<b>£2,814,090</b>	<b>£3,376,908</b>	<b>£3,444,446</b>	<b>£3,513,335</b>	<b>£27,386,663</b>
<b>Expenditure</b>		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	New facility					
Staffing*	£934,293	£934,293	£952,979	£972,039	£991,479	£1,011,309	£1,031,535	£1,052,166	£1,073,209	£1,094,673	£1,116,567	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	£18,318,678
R&M	£55,449	£56,835	£59,421	£62,125	£64,952	£67,907	£70,997	£74,227	£77,605	£81,136	£84,827	£141,732	£144,567	£147,458	£150,408	£153,416	£1,437,614
FF&E / IT / Equipment*	£14,383	£14,383	£14,671	£14,964	£15,264	£15,569	£15,880	£16,198	£16,522	£16,852	£17,189	£19,835	£20,232	£20,637	£21,049	£21,470	£260,717
Cleaning/ Other Premises	£69,621	£71,361	£74,608	£78,003	£81,552	£85,262	£89,142	£93,198	£97,438	£101,872	£106,507	£39,671	£40,464	£41,273	£42,099	£42,941	£1,085,391
Office / Admin*	£9,254	£9,254	£9,439	£9,628	£9,820	£10,017	£10,217	£10,422	£10,630	£10,843	£11,059	£79,341	£80,928	£82,547	£84,198	£85,882	£514,224
Insurance / Licenses*	£17,999	£17,999	£18,359	£18,726	£19,101	£19,483	£19,872	£20,270	£20,675	£21,089	£21,510	£115,405	£117,714	£120,068	£122,469	£124,919	£797,657
Irrecoverable VAT*	£23,410	£23,410	£23,878	£24,356	£24,843	£25,340	£25,846	£26,363	£26,891	£27,428	£27,977	£270,482	£275,891	£281,409	£287,037	£292,778	£1,663,928
Depreciation	£35,086	£35,963	£37,600	£39,310	£41,099	£42,969	£44,924	£46,968	£49,105	£51,340	£53,676	£72,878	£74,335	£75,822	£77,338	£78,885	£822,213
Cost of Sales*	£34,516	£34,516	£35,206	£35,910	£36,628	£37,361	£38,108	£38,870	£39,648	£40,440	£41,249	£101,145	£125,275	£150,330	£153,337	£156,404	£1,064,427
Utilities	£177,864	£182,310	£190,606	£199,278	£208,345	£217,825	£227,736	£238,098	£248,931	£260,258	£272,100	£197,984	£201,944	£205,983	£210,103	£214,305	£3,275,805
<b>Total Expenditure</b>	<b>£1,371,875</b>	<b>£1,380,325</b>	<b>£1,416,767</b>	<b>£1,454,339</b>	<b>£1,493,083</b>	<b>£1,533,041</b>	<b>£1,574,258</b>	<b>£1,616,780</b>	<b>£1,660,654</b>	<b>£1,705,930</b>	<b>£1,752,661</b>	<b>£2,592,733</b>	<b>£2,666,695</b>	<b>£2,742,579</b>	<b>£2,797,430</b>	<b>£2,853,379</b>	<b>£29,240,654</b>
*Facility age related cost increases not applied																	
<b>Operational Surplus / (Subsidy)</b>	<b>£73,524</b>	<b>-\$7,197</b>	<b>-\$86,205</b>	<b>-\$165,025</b>	<b>-\$243,738</b>	<b>-\$322,426</b>	<b>-\$401,172</b>	<b>-\$480,059</b>	<b>-\$559,171</b>	<b>-\$638,594</b>	<b>-\$718,413</b>	<b>-\$320,688</b>	<b>£147,395</b>	<b>£634,330</b>	<b>£647,016</b>	<b>£659,957</b>	<b>-\$1,853,990</b>
<b>Other Costs</b>																	
NNDR (net cost to Council)	£46,876	£46,876	£47,814	£48,770	£49,745	£50,740	£51,755	£52,790	£53,846	£54,923	£56,021	£66,770	£68,105	£69,468	£70,857	£72,274	£860,756
Support Services	£216,810	£216,810	£221,146	£225,569	£230,080	£234,682	£239,375	£244,163	£249,046	£254,027	£259,108	£340,807	£422,114	£506,536	£516,667	£527,000	£4,687,130
Operator Profit	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Other Costs</b>	<b>£263,686</b>	<b>£263,686</b>	<b>£268,960</b>	<b>£274,339</b>	<b>£279,826</b>	<b>£285,422</b>	<b>£291,131</b>	<b>£296,953</b>	<b>£302,892</b>	<b>£308,950</b>	<b>£315,129</b>	<b>£407,577</b>	<b>£490,219</b>	<b>£576,004</b>	<b>£587,524</b>	<b>£599,274</b>	<b>£5,547,885</b>
<b>Total Surplus / (Subsidy)</b>	<b>-\$190,162</b>	<b>-\$270,883</b>	<b>-\$355,165</b>	<b>-\$439,364</b>	<b>-\$523,563</b>	<b>-\$607,848</b>	<b>-\$692,302</b>	<b>-\$777,012</b>	<b>-\$862,064</b>	<b>-\$947,544</b>	<b>-\$1,033,542</b>	<b>-\$728,265</b>	<b>-\$342,824</b>	<b>£58,326</b>	<b>£59,492</b>	<b>£60,682</b>	<b>-\$7,401,876</b>
<b>Capital / Lifecycle Costs</b>																	
Lifecycle / Condition Survey Costs	£721,855	£721,855	£662,046	£661,936	£661,823	£661,708	£661,590	£661,470	£661,348	£661,224	£661,097	£64,424	£65,712	£67,027	£68,367	£69,734	£7,011,362
Build Cost Capital Repayments	£0	£0	£0	£0	£0	£0	£0	£0	£0	£342,932	£1,116,899	£1,116,774	£1,116,647	£1,116,516	£1,116,383	£1,116,246	£7,042,396
<b>Total Capital / Lifecycle Costs</b>	<b>£721,855</b>	<b>£721,855</b>	<b>£662,046</b>	<b>£661,936</b>	<b>£661,823</b>	<b>£661,708</b>	<b>£661,590</b>	<b>£661,470</b>	<b>£661,348</b>	<b>£1,004,155</b>	<b>£1,777,996</b>	<b>£1,181,198</b>	<b>£1,182,359</b>	<b>£1,183,543</b>	<b>£1,184,750</b>	<b>£1,185,980</b>	<b>£14,053,758</b>
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>-\$912,017</b>	<b>-\$992,738</b>	<b>-\$1,017,212</b>	<b>-\$1,101,300</b>	<b>-\$1,185,386</b>	<b>-\$1,269,556</b>	<b>-\$1,353,893</b>	<b>-\$1,438,483</b>	<b>-\$1,523,412</b>	<b>-\$1,951,699</b>	<b>-\$2,811,537</b>	<b>-\$1,909,463</b>	<b>-\$1,525,183</b>	<b>-\$1,125,217</b>	<b>-\$1,125,257</b>	<b>-\$1,125,298</b>	<b>-\$21,455,634</b>

Essential - External Procured Operator (baseline)  
15 Year Income and Expenditure Summary  
Annual inflation rate 2%

	New Facility Baseline	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total
<b>Income</b>		RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	£1,519,477	£622,499	£603,202	£584,503	£1,128,737	£1,398,021	£1,677,626	£1,711,178	£1,745,402	£1,780,310	£1,815,916	£1,852,234	£1,889,279	£1,927,064	£1,965,606	£2,004,918	£22,706,494
Studios	£165,880	£33,146	£32,118	£31,123	£123,223	£152,621	£183,145	£186,808	£190,544	£194,355	£198,242	£202,207	£206,251	£210,376	£214,583	£218,875	£2,377,617
Swimming	£1,020,373	£591,052	£572,729	£554,975	£757,979	£938,812	£1,126,574	£1,149,105	£1,172,088	£1,195,529	£1,219,440	£1,243,829	£1,268,705	£1,294,079	£1,319,961	£1,346,360	£15,751,218
Sports Hall	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Health Suite	£37,274	£11,911	£11,541	£11,184	£27,689	£34,294	£41,153	£41,976	£42,816	£43,672	£44,546	£45,437	£46,345	£47,272	£48,218	£49,182	£547,236
Café & Vending	£215,517	£38,451	£37,259	£36,104	£160,096	£198,290	£237,949	£242,708	£247,562	£252,513	£257,563	£262,714	£267,969	£273,328	£278,795	£284,371	£3,075,672
Soft Play	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Clip n Climb	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other	£0	£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£221,207
<b>Income Total</b>	<b>£2,958,521</b>	<b>£1,373,128</b>	<b>£1,330,561</b>	<b>£1,289,314</b>	<b>£2,197,724</b>	<b>£2,722,039</b>	<b>£3,266,446</b>	<b>£3,331,775</b>	<b>£3,398,411</b>	<b>£3,466,379</b>	<b>£3,535,707</b>	<b>£3,606,421</b>	<b>£3,678,549</b>	<b>£3,752,120</b>	<b>£3,827,163</b>	<b>£3,903,706</b>	<b>£44,679,443</b>
<b>Expenditure</b>		RFSC - LATC	RFSC - LATC	RFSC - LATC	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	£1,275,034	£934,293	£952,979	£972,039	£1,353,076	£1,380,138	£1,407,741	£1,435,895	£1,464,613	£1,493,906	£1,523,784	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	£21,006,891
Repair and Maintenance	£105,700	£56,835	£59,421	£62,125	£112,170	£114,413	£116,701	£119,035	£121,416	£123,844	£126,321	£128,848	£131,425	£134,053	£136,734	£139,469	£1,682,812
Water & Utilities	£147,651	£182,310	£190,606	£199,278	£156,688	£159,822	£163,019	£166,279	£169,605	£172,997	£176,457	£179,986	£183,585	£187,257	£191,002	£194,822	£2,673,713
Equipment	£14,793	£14,383	£14,671	£14,964	£15,698	£16,012	£16,332	£16,659	£16,992	£17,332	£17,679	£18,032	£18,393	£18,761	£19,136	£19,519	£254,562
Cost of Sales	£107,759	£34,516	£35,206	£35,910	£80,048	£99,145	£118,974	£121,354	£123,781	£126,256	£128,782	£131,357	£133,984	£136,664	£139,397	£142,185	£1,587,560
Cleaning	£29,585	£71,361	£74,608	£78,003	£31,396	£32,024	£32,664	£33,318	£33,984	£34,664	£35,357	£36,064	£36,785	£37,521	£38,272	£39,037	£645,059
Marketing	£59,170	£0	£0	£0	£62,792	£64,048	£65,329	£66,636	£67,968	£69,328	£70,714	£72,128	£73,571	£75,042	£76,543	£78,074	£842,174
Insurance	£29,585	£17,999	£18,359	£18,726	£31,396	£32,024	£32,664	£33,318	£33,984	£34,664	£35,357	£36,064	£36,785	£37,521	£38,272	£39,037	£476,171
IT / Admin / Legals / Licenses	£59,170	£9,254	£9,439	£9,628	£62,792	£64,048	£65,329	£66,636	£67,968	£69,328	£70,714	£72,128	£73,571	£75,042	£76,543	£78,074	£870,495
Irrecoverable VAT	£221,889	£23,410	£23,878	£24,356	£235,470	£240,180	£244,983	£249,883	£254,881	£259,978	£265,178	£270,482	£275,891	£281,409	£287,037	£292,778	£3,229,795
Capital Equipment replacement fund	£54,350	£35,963	£37,600	£39,310	£57,677	£58,830	£60,007	£61,207	£62,431	£63,680	£64,953	£66,252	£67,577	£68,929	£70,308	£71,714	£886,438
<b>Expenditure Total</b>	<b>£2,104,687</b>	<b>£1,380,325</b>	<b>£1,416,767</b>	<b>£1,454,339</b>	<b>£2,199,204</b>	<b>£2,260,684</b>	<b>£2,323,744</b>	<b>£2,370,219</b>	<b>£2,417,623</b>	<b>£2,465,976</b>	<b>£2,515,295</b>	<b>£2,565,601</b>	<b>£2,616,913</b>	<b>£2,669,252</b>	<b>£2,722,637</b>	<b>£2,777,089</b>	<b>£34,155,669</b>
<b>Operational Surplus / (Subsidy)</b>	<b>£853,835</b>	<b>-\$7,197</b>	<b>-\$86,205</b>	<b>-\$165,025</b>	<b>-\$1,480</b>	<b>£461,354</b>	<b>£942,702</b>	<b>£961,556</b>	<b>£980,787</b>	<b>£1,000,403</b>	<b>£1,020,411</b>	<b>£1,040,820</b>	<b>£1,061,636</b>	<b>£1,082,869</b>	<b>£1,104,526</b>	<b>£1,126,617</b>	<b>£10,523,775</b>
<b>Other Costs</b>		RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR		£46,876	£47,814	£48,770	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£143,460
Support Services	£177,511	£216,810	£221,146	£225,569	£131,863	£163,322	£195,987	£199,907	£203,905	£207,983	£212,142	£216,385	£220,713	£225,127	£229,630	£234,222	£3,104,711
Operator Profit	£177,511	£0	£0	£0	£131,863	£163,322	£195,987	£199,907	£203,905	£207,983	£212,142	£216,385	£220,713	£225,127	£229,630	£234,222	£2,441,186
Total Other Costs	£355,023	£263,686	£268,960	£274,339	£263,727	£326,645	£391,974	£399,813	£407,809	£415,965	£424,285	£432,770	£441,426	£450,254	£459,260	£468,445	£5,689,357
<b>Total Surplus / (Subsidy)</b>	<b>£498,812</b>	<b>-\$270,883</b>	<b>-\$355,165</b>	<b>-\$439,364</b>	<b>-\$265,207</b>	<b>£134,710</b>	<b>£550,729</b>	<b>£561,743</b>	<b>£572,978</b>	<b>£584,438</b>	<b>£596,126</b>	<b>£608,049</b>	<b>£620,210</b>	<b>£632,614</b>	<b>£645,266</b>	<b>£658,172</b>	<b>£4,834,417</b>
<b>Capital / Lifecycle Costs</b>		RFSC - LATC	RFSC - LATC	RFSC - LATC													
Lifecycle / Condition Survey Costs	£52,850	£0	£0	£0	£56,085	£57,207	£58,351	£59,518	£60,708	£61,922	£63,161	£64,424	£65,712	£67,027	£68,367	£69,734	£752,215
Build Cost Capital Repayments		£0	£297,875	£970,155	£970,046	£969,935	£969,822	£969,706	£969,587	£969,465	£969,340	£969,213	£969,082	£968,948	£968,811	£968,671	£12,900,657
Total Capital / Lifecycle Costs	£52,850	£0	£297,875	£970,155	£1,026,131	£1,027,142	£1,028,173	£1,029,224	£1,030,295	£1,031,387	£1,032,501	£1,033,637	£1,034,794	£1,035,975	£1,037,178	£1,038,405	£13,652,872
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>£445,962</b>	<b>-\$270,883</b>	<b>-\$653,040</b>	<b>-\$1,409,518</b>	<b>-\$1,291,338</b>	<b>-\$892,432</b>	<b>-\$477,444</b>	<b>-\$467,480</b>	<b>-\$457,317</b>	<b>-\$446,950</b>	<b>-\$436,375</b>	<b>-\$425,588</b>	<b>-\$414,584</b>	<b>-\$403,361</b>	<b>-\$391,912</b>	<b>-\$380,233</b>	<b>-\$8,818,454</b>

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Essential - LATC

15 Year Income and Expenditure Summary

Annual inflation rate

2%

LATC vs External Operator		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	
<b>Income</b>	<b>Assumptions</b>	RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	-10%	£622,499	£603,202	£584,503	£1,015,863	£1,258,219	£1,509,863	£1,540,060	£1,570,862	£1,602,279	£1,634,324	£1,667,011	£1,700,351	£1,734,358	£1,769,045	£1,804,426	£20,616,865
Studios	-10%	£33,146	£32,118	£31,123	£110,901	£137,359	£164,830	£168,127	£171,490	£174,919	£178,418	£181,986	£185,626	£189,338	£193,125	£196,988	£2,149,494
Swimming	-10%	£591,052	£572,729	£554,975	£682,181	£844,931	£1,013,917	£1,034,195	£1,054,879	£1,075,976	£1,097,496	£1,119,446	£1,141,835	£1,164,671	£1,187,965	£1,211,724	£14,347,972
Sports Hall	-10%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Health Suite	-10%	£11,911	£11,541	£11,184	£24,920	£30,865	£37,038	£37,779	£38,534	£39,305	£40,091	£40,893	£41,711	£42,545	£43,396	£44,264	£495,976
Café & Vending	-10%	£38,451	£37,259	£36,104	£144,087	£178,461	£214,154	£218,437	£222,806	£227,262	£231,807	£236,443	£241,172	£245,995	£250,915	£255,934	£2,779,286
Soft Play	-10%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Clip n Climb	-10%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other	-10%	£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£221,207
<b>Income Total</b>		<b>£1,373,128</b>	<b>£1,330,561</b>	<b>£1,289,314</b>	<b>£1,977,952</b>	<b>£2,449,835</b>	<b>£2,939,802</b>	<b>£2,998,598</b>	<b>£3,058,570</b>	<b>£3,119,741</b>	<b>£3,182,136</b>	<b>£3,245,779</b>	<b>£3,310,694</b>	<b>£3,376,908</b>	<b>£3,444,446</b>	<b>£3,513,335</b>	<b>£40,610,799</b>
* 10% reduction (rather than 5% on current baseline) applied based on multi-site external operator rather than single contract trust																	
<b>Expenditure</b>	<b>Assumptions</b>	RFSC - LATC	RFSC - LATC	RFSC - LATC	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	0%	£934,293	£952,979	£972,039	£1,353,076	£1,380,138	£1,407,741	£1,435,895	£1,464,613	£1,493,906	£1,523,784	£1,554,259	£1,585,345	£1,617,051	£1,649,392	£1,682,380	£21,006,891
Repair and Maintenance	10%	£56,835	£59,421	£62,125	£123,387	£125,854	£128,371	£130,939	£133,558	£136,229	£138,953	£141,732	£144,567	£147,458	£150,408	£153,416	£1,833,255
Water & Utilities	10%	£182,310	£190,606	£199,278	£172,357	£175,804	£179,320	£182,907	£186,565	£190,296	£194,102	£197,984	£201,944	£205,983	£210,103	£214,305	£2,883,865
Equipment	10%	£14,383	£14,671	£14,964	£17,268	£17,613	£17,965	£18,325	£18,691	£19,065	£19,446	£19,835	£20,232	£20,637	£21,049	£21,470	£275,616
Cost of Sales	10%	£34,516	£35,206	£35,910	£88,053	£109,060	£130,872	£133,489	£136,159	£138,882	£141,660	£144,493	£147,383	£150,330	£153,337	£156,404	£1,735,753
Cleaning	10%	£71,361	£74,608	£78,003	£34,536	£35,226	£35,931	£36,650	£37,383	£38,130	£38,893	£39,671	£40,464	£41,273	£42,099	£42,941	£687,167
Marketing	10%	£0	£0	£0	£69,071	£70,453	£71,862	£73,299	£74,765	£76,260	£77,786	£79,341	£80,928	£82,547	£84,198	£85,882	£926,391
Insurance	0%	£17,999	£18,359	£18,726	£31,396	£32,024	£32,664	£33,318	£33,984	£34,664	£35,357	£36,064	£36,785	£37,521	£38,272	£39,037	£476,171
IT / Admin / Legals / Licenses	10%	£9,254	£9,439	£9,628	£69,071	£70,453	£71,862	£73,299	£74,765	£76,260	£77,786	£79,341	£80,928	£82,547	£84,198	£85,882	£954,712
Irrecoverable VAT	0%	£23,410	£23,878	£24,356	£235,470	£240,180	£244,983	£249,883	£254,881	£259,978	£265,178	£270,482	£275,891	£281,409	£287,037	£292,778	£3,229,795
Capital Equipment replacement fund	10%	£35,963	£37,600	£39,310	£63,444	£64,713	£66,007	£67,328	£68,674	£70,048	£71,449	£72,878	£74,335	£75,822	£77,338	£78,885	£963,794
<b>Expenditure Total</b>		<b>£1,380,325</b>	<b>£1,416,767</b>	<b>£1,454,339</b>	<b>£2,257,130</b>	<b>£2,321,519</b>	<b>£2,387,580</b>	<b>£2,435,331</b>	<b>£2,484,038</b>	<b>£2,533,719</b>	<b>£2,584,393</b>	<b>£2,636,081</b>	<b>£2,688,803</b>	<b>£2,742,579</b>	<b>£2,797,430</b>	<b>£2,853,379</b>	<b>£34,973,411</b>
<b>Operational Surplus / (Subsidy)</b>		<b>-£7,197</b>	<b>-£86,205</b>	<b>-£165,025</b>	<b>-£279,178</b>	<b>£128,316</b>	<b>£552,222</b>	<b>£563,267</b>	<b>£574,532</b>	<b>£586,022</b>	<b>£597,743</b>	<b>£609,698</b>	<b>£621,892</b>	<b>£634,330</b>	<b>£647,016</b>	<b>£659,957</b>	<b>£5,637,389</b>
<b>Other Costs</b>	<b>% of income</b>	RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR*	£46,876	£46,876	£47,814	£48,770	£58,127	£59,290	£60,476	£61,685	£62,919	£64,177	£65,461	£66,770	£68,105	£69,468	£70,857	£72,274	£923,069
Support Services	15%	£216,810	£221,146	£225,569	£296,693	£367,475	£440,970	£449,790	£458,785	£467,961	£477,320	£486,867	£496,604	£506,536	£516,667	£527,000	£6,156,194
Operator Profit	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Other Costs</b>		<b>£263,686</b>	<b>£268,960</b>	<b>£274,339</b>	<b>£354,820</b>	<b>£426,765</b>	<b>£501,446</b>	<b>£511,475</b>	<b>£521,704</b>	<b>£532,138</b>	<b>£542,781</b>	<b>£553,637</b>	<b>£564,710</b>	<b>£576,004</b>	<b>£587,524</b>	<b>£599,274</b>	<b>£7,079,263</b>
* Increased for new facility based on comparative SQM																	
<b>Total Surplus / (Subsidy)</b>		<b>-£270,883</b>	<b>-£355,165</b>	<b>-£439,364</b>	<b>-£633,998</b>	<b>-£298,449</b>	<b>£50,776</b>	<b>£51,792</b>	<b>£52,828</b>	<b>£53,884</b>	<b>£54,962</b>	<b>£56,061</b>	<b>£57,182</b>	<b>£58,326</b>	<b>£59,492</b>	<b>£60,682</b>	<b>-£1,441,874</b>
<b>Capital / Lifecycle Costs</b>																	
Lifecycle / Condition Survey Costs	0%	£0	£0	£0	£56,085	£57,207	£58,351	£59,518	£60,708	£61,922	£63,161	£64,424	£65,712	£67,027	£68,367	£69,734	£752,215
Build Cost Capital Repayments	0%	£0	£297,875	£970,155	£970,046	£969,935	£969,822	£969,706	£969,587	£969,465	£969,340	£969,213	£969,082	£968,948	£968,811	£968,671	£12,900,657
<b>Total Capital / Lifecycle Costs</b>		<b>£0</b>	<b>£297,875</b>	<b>£970,155</b>	<b>£1,026,131</b>	<b>£1,027,142</b>	<b>£1,028,173</b>	<b>£1,029,224</b>	<b>£1,030,295</b>	<b>£1,031,387</b>	<b>£1,032,501</b>	<b>£1,033,637</b>	<b>£1,034,794</b>	<b>£1,035,975</b>	<b>£1,037,178</b>	<b>£1,038,405</b>	<b>£13,652,872</b>
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>		<b>-£270,883</b>	<b>-£653,040</b>	<b>-£1,409,518</b>	<b>-£1,660,129</b>	<b>-£1,325,591</b>	<b>-£977,397</b>	<b>-£977,432</b>	<b>-£977,467</b>	<b>-£977,503</b>	<b>-£977,539</b>	<b>-£977,576</b>	<b>-£977,612</b>	<b>-£977,649</b>	<b>-£977,686</b>	<b>-£977,723</b>	<b>-£15,094,746</b>

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Optimal - External Procured Operator (baseline)  
15 Year Income and Expenditure Summary  
Annual inflation rate

2%

New Facility  
Baseline

<b>Income</b>	
H&F	£1,772,723
Studios	£208,560
Swimming	£1,580,897
Sports Hall	£75,060
Health Suite	£83,151
Café & Vending	£348,357
Soft Play	£135,780
Clip n Climb	£173,488
Other	£0
<b>Income Total</b>	<b>£4,378,017</b>
<b>Expenditure</b>	
Staffing	£1,690,512
Repair and Maintenance	£156,300
Water & Utilities	£223,980
Equipment	£21,890
Cost of Sales	£174,178
Cleaning	£43,780
Marketing	£87,560
Insurance	£43,780
IT / Admin / Legals / Licenses	£87,560
Irrecoverable VAT	£328,351
Capital Equipment replacement fund	£60,783
<b>Expenditure Total</b>	<b>£2,918,676</b>
<b>Operational Surplus / (Subsidy)</b>	<b>£1,459,341</b>
<b>Other Costs</b>	
NNDR	
Support Services	£262,681
Operator Profit	£262,681
<b>Total Other Costs</b>	<b>£525,362</b>
<b>Total Surplus / (Subsidy)</b>	<b>£933,979</b>
<b>Capital / Lifecycle Costs</b>	
Lifecycle / Condition Survey Costs	£78,150
Build Cost Capital Repayments	
<b>Total Capital / Lifecycle Costs</b>	<b>£78,150</b>
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>£855,829</b>

Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31	Year 11 2031/32	Year 12 2032/33	Year 13 2033/34	Year 14 2034/35	Year 15 2035/36	Total	
RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
£622,499	£603,202	£584,503	£1,316,860	£1,631,025	£1,957,230	£1,996,374	£2,036,302	£2,077,028	£2,118,569	£2,160,940	£2,204,159	£2,248,242	£2,293,207	£2,339,071	£26,189,210	
£33,146	£32,118	£31,123	£154,928	£191,889	£230,267	£234,872	£239,570	£244,361	£249,249	£254,233	£259,318	£264,505	£269,795	£275,190	£2,964,564	
£591,052	£572,729	£554,975	£1,174,363	£1,454,532	£1,745,438	£1,780,347	£1,815,954	£1,852,273	£1,889,319	£1,927,105	£1,965,647	£2,004,960	£2,045,059	£2,085,961	£23,459,715	
£0	£0	£0	£55,758	£69,060	£82,873	£84,530	£86,221	£87,945	£89,704	£91,498	£93,328	£95,194	£97,098	£99,040	£1,032,249	
£11,911	£11,541	£11,184	£61,768	£76,504	£91,805	£93,641	£95,514	£97,424	£99,373	£101,360	£103,388	£105,455	£107,564	£109,716	£1,178,150	
£38,451	£37,259	£36,104	£258,775	£320,512	£384,614	£392,306	£400,152	£408,155	£416,319	£424,645	£433,138	£441,801	£450,637	£459,649	£4,902,518	
£0	£0	£0	£100,864	£124,927	£149,912	£152,910	£155,969	£159,088	£162,270	£165,515	£168,825	£172,202	£175,646	£179,159	£1,867,286	
£0	£0	£0	£128,875	£159,621	£191,545	£195,376	£199,283	£203,269	£207,334	£211,481	£215,711	£220,025	£224,425	£228,914	£2,385,857	
£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£221,207	
£1,373,128	£1,330,561	£1,289,314	£3,252,190	£4,028,070	£4,833,684	£4,930,358	£5,028,965	£5,129,544	£5,232,135	£5,336,778	£5,443,513	£5,552,384	£5,663,431	£5,776,700	£64,200,755	
RFSC - LATC	RFSC - LATC	RFSC - LATC	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%		
£934,293	£952,979	£972,039	£1,793,985	£1,829,865	£1,866,462	£1,903,791	£1,941,867	£1,980,704	£2,020,318	£2,060,725	£2,101,939	£2,143,978	£2,186,858	£2,230,595	£26,920,397	
£56,835	£59,421	£62,125	£165,867	£169,184	£172,568	£176,019	£179,540	£183,130	£186,793	£190,529	£194,339	£198,226	£202,191	£206,235	£2,403,002	
£182,310	£190,606	£199,278	£237,689	£242,443	£247,292	£252,238	£257,283	£262,428	£267,677	£273,030	£278,491	£284,061	£289,742	£295,537	£3,760,105	
£14,383	£14,671	£14,964	£23,230	£23,695	£24,168	£24,652	£25,145	£25,648	£26,161	£26,684	£27,218	£27,762	£28,317	£28,883	£355,581	
£34,516	£35,206	£35,910	£129,388	£160,256	£192,307	£196,153	£200,076	£204,078	£208,159	£212,322	£216,569	£220,900	£225,318	£229,825	£2,500,983	
£71,361	£74,608	£78,003	£46,460	£47,389	£48,337	£49,304	£50,290	£51,295	£52,321	£53,368	£54,435	£55,524	£56,634	£57,767	£847,096	
£0	£0	£0	£92,920	£94,778	£96,674	£98,607	£100,579	£102,591	£104,643	£106,736	£108,870	£111,048	£113,269	£115,534	£1,246,248	
£17,999	£18,359	£18,726	£46,460	£47,389	£48,337	£49,304	£50,290	£51,295	£52,321	£53,368	£54,435	£55,524	£56,634	£57,767	£678,208	
£9,254	£9,439	£9,628	£92,920	£94,778	£96,674	£98,607	£100,579	£102,591	£104,643	£106,736	£108,870	£111,048	£113,269	£115,534	£1,274,569	
£23,410	£23,878	£24,356	£348,449	£355,418	£362,526	£369,777	£377,172	£384,716	£392,410	£400,258	£408,263	£416,429	£424,757	£433,252	£4,745,072	
£35,963	£37,600	£39,310	£64,504	£65,794	£67,110	£68,452	£69,821	£71,217	£72,642	£74,095	£75,576	£77,088	£78,630	£80,202	£978,004	
£1,380,325	£1,416,767	£1,454,339	£3,041,871	£3,130,988	£3,222,454	£3,286,903	£3,352,641	£3,419,694	£3,488,088	£3,557,850	£3,629,007	£3,701,587	£3,775,619	£3,851,131	£45,709,264	
<b>Operational Surplus / (Subsidy)</b>	<b>-£7,197</b>	<b>-£86,205</b>	<b>-£165,025</b>	<b>£210,320</b>	<b>£897,082</b>	<b>£1,611,230</b>	<b>£1,643,454</b>	<b>£1,676,324</b>	<b>£1,709,850</b>	<b>£1,744,047</b>	<b>£1,778,928</b>	<b>£1,814,506</b>	<b>£1,850,797</b>	<b>£1,887,813</b>	<b>£1,925,569</b>	<b>£18,491,491</b>
RFSC - LATC	RFSC - LATC	RFSC - LATC														
£46,876	£47,814	£48,770	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£143,460	
£216,810	£221,146	£225,569	£195,131	£241,684	£290,021	£295,821	£301,738	£307,773	£313,928	£320,207	£326,611	£333,143	£339,806	£346,602	£4,275,990	
£0	£0	£0	£195,131	£241,684	£290,021	£295,821	£301,738	£307,773	£313,928	£320,207	£326,611	£333,143	£339,806	£346,602	£3,612,465	
£263,686	£268,960	£274,339	£390,263	£483,368	£580,042	£591,643	£603,476	£615,545	£627,856	£640,413	£653,222	£666,286	£679,612	£693,204	£8,031,915	
<b>Total Surplus / (Subsidy)</b>	<b>-£270,883</b>	<b>-£355,165</b>	<b>-£439,364</b>	<b>-£179,943</b>	<b>£413,713</b>	<b>£1,031,188</b>	<b>£1,051,812</b>	<b>£1,072,848</b>	<b>£1,094,305</b>	<b>£1,116,191</b>	<b>£1,138,515</b>	<b>£1,161,285</b>	<b>£1,184,511</b>	<b>£1,208,201</b>	<b>£1,232,365</b>	<b>£10,459,577</b>
RFSC - LATC	RFSC - LATC	RFSC - LATC														
£0	£0	£0	£82,933	£84,592	£86,284	£88,010	£89,770	£91,565	£93,396	£95,264	£97,170	£99,113	£101,095	£103,117	£1,112,310	
£0	£433,321	£1,411,291	£1,411,134	£1,410,972	£1,410,807	£1,410,638	£1,410,465	£1,410,288	£1,410,107	£1,409,921	£1,409,731	£1,409,536	£1,409,337	£1,409,133	£18,766,681	
£0	£433,321	£1,411,291	£1,494,067	£1,495,564	£1,497,091	£1,498,648	£1,500,235	£1,501,853	£1,503,503	£1,505,185	£1,506,900	£1,508,649	£1,510,432	£1,512,250	£19,878,991	
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>	<b>-£270,883</b>	<b>-£788,486</b>	<b>-£1,850,655</b>	<b>-£1,674,010</b>	<b>-£1,081,851</b>	<b>-£465,903</b>	<b>-£446,836</b>	<b>-£427,387</b>	<b>-£407,549</b>	<b>-£387,312</b>	<b>-£366,671</b>	<b>-£345,616</b>	<b>-£324,139</b>	<b>-£302,231</b>	<b>-£279,885</b>	<b>-£9,419,414</b>

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Optimal - LATC

15 Year Income and Expenditure Summary

Annual inflation rate

2%

LATC vs External Operator		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	
<b>Income</b>	<b>Assumptions</b>	RFSC - LATC	RFSC - LATC	RFSC - LATC	70%	85%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
H&F	-10%	£622,499	£603,202	£584,503	£1,185,174	£1,467,922	£1,761,507	£1,796,737	£1,832,672	£1,869,325	£1,906,712	£1,944,846	£1,983,743	£2,023,418	£2,063,886	£2,105,164	£23,751,309
Studios	-10%	£33,146	£32,118	£31,123	£139,435	£172,700	£207,240	£211,385	£215,613	£219,925	£224,324	£228,810	£233,386	£238,054	£242,815	£247,671	£2,677,747
Swimming	-10%	£591,052	£572,729	£554,975	£1,056,926	£1,309,079	£1,570,895	£1,602,313	£1,634,359	£1,667,046	£1,700,387	£1,734,395	£1,769,082	£1,804,464	£1,840,553	£1,877,364	£21,285,619
Sports Hall	-10%	£0	£0	£0	£50,182	£62,154	£74,585	£76,077	£77,599	£79,150	£80,733	£82,348	£83,995	£85,675	£87,389	£89,136	£929,024
Health Suite	-10%	£11,911	£11,541	£11,184	£55,591	£68,854	£82,625	£84,277	£85,963	£87,682	£89,436	£91,224	£93,049	£94,910	£96,808	£98,744	£1,063,798
Café & Vending	-10%	£38,451	£37,259	£36,104	£232,898	£288,461	£346,153	£353,076	£360,137	£367,340	£374,687	£382,180	£389,824	£397,621	£405,573	£413,684	£4,423,447
Soft Play	-10%	£0	£0	£0	£90,777	£112,434	£134,921	£137,619	£140,372	£143,179	£146,043	£148,964	£151,943	£154,982	£158,081	£161,243	£1,680,557
Clip n Climb	-10%	£0	£0	£0	£115,987	£143,659	£172,390	£175,838	£179,355	£182,942	£186,601	£190,333	£194,139	£198,022	£201,983	£206,022	£2,147,272
Other	-10%	£76,069	£73,711	£71,426	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£221,207
<b>Income Total</b>		<b>£1,373,128</b>	<b>£1,330,561</b>	<b>£1,289,314</b>	<b>£2,926,971</b>	<b>£3,625,263</b>	<b>£4,350,316</b>	<b>£4,437,322</b>	<b>£4,526,068</b>	<b>£4,616,590</b>	<b>£4,708,922</b>	<b>£4,803,100</b>	<b>£4,899,162</b>	<b>£4,997,145</b>	<b>£5,097,088</b>	<b>£5,199,030</b>	<b>£58,179,980</b>
* 10% reduction (rather than 5% on current baseline) applied based on multi-site external operator rather than single contract trust																	
<b>Expenditure</b>	<b>Assumptions</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Staffing	0%	£934,293	£952,979	£972,039	£1,793,985	£1,829,865	£1,866,462	£1,903,791	£1,941,867	£1,980,704	£2,020,318	£2,060,725	£2,101,939	£2,143,978	£2,186,858	£2,230,595	£26,920,397
Repair and Maintenance	10%	£56,835	£59,421	£62,125	£182,453	£186,103	£189,825	£193,621	£197,494	£201,443	£205,472	£209,582	£213,773	£218,049	£222,410	£226,858	£2,625,464
Water & Utilities	10%	£182,310	£190,606	£199,278	£261,458	£266,687	£272,021	£277,462	£283,011	£288,671	£294,445	£300,333	£306,340	£312,467	£318,716	£325,091	£4,078,896
Equipment	10%	£14,383	£14,671	£14,964	£25,553	£26,064	£26,585	£27,117	£27,659	£28,212	£28,777	£29,352	£29,939	£30,538	£31,149	£31,772	£386,737
Cost of Sales	10%	£34,516	£35,206	£35,910	£142,326	£176,281	£211,538	£215,768	£220,084	£224,486	£228,975	£233,555	£238,226	£242,990	£247,850	£252,807	£2,740,518
Cleaning	10%	£71,361	£74,608	£78,003	£51,106	£52,128	£53,171	£54,234	£55,319	£56,425	£57,553	£58,705	£59,879	£61,076	£62,298	£63,544	£909,408
Marketing	10%	£0	£0	£0	£102,212	£104,256	£106,341	£108,468	£110,637	£112,850	£115,107	£117,409	£119,757	£122,152	£124,595	£127,087	£1,370,872
Insurance	0%	£17,999	£18,359	£18,726	£46,460	£47,389	£48,337	£49,304	£50,290	£51,295	£52,321	£53,368	£54,435	£55,524	£56,634	£57,767	£678,208
IT / Admin / Legals / Licenses	10%	£9,254	£9,439	£9,628	£102,212	£104,256	£106,341	£108,468	£110,637	£112,850	£115,107	£117,409	£119,757	£122,152	£124,595	£127,087	£1,399,193
Irrecoverable VAT	0%	£23,410	£23,878	£24,356	£348,449	£355,418	£362,526	£369,777	£377,172	£384,716	£392,410	£400,258	£408,263	£416,429	£424,757	£433,252	£4,745,072
Capital Equipment replacement fund	10%	£35,963	£37,600	£39,310	£70,954	£72,373	£73,821	£75,297	£76,803	£78,339	£79,906	£81,504	£83,134	£84,797	£86,493	£88,223	£1,064,517
<b>Expenditure Total</b>		<b>£1,380,325</b>	<b>£1,416,767</b>	<b>£1,454,339</b>	<b>£3,127,168</b>	<b>£3,220,820</b>	<b>£3,316,967</b>	<b>£3,383,306</b>	<b>£3,450,973</b>	<b>£3,519,992</b>	<b>£3,590,392</b>	<b>£3,662,200</b>	<b>£3,735,444</b>	<b>£3,810,153</b>	<b>£3,886,356</b>	<b>£3,964,083</b>	<b>£46,919,283</b>
<b>Operational Surplus / (Subsidy)</b>		<b>£-7,197</b>	<b>£-86,205</b>	<b>£-165,025</b>	<b>£-200,197</b>	<b>£404,443</b>	<b>£1,033,349</b>	<b>£1,054,015</b>	<b>£1,075,096</b>	<b>£1,096,598</b>	<b>£1,118,530</b>	<b>£1,140,900</b>	<b>£1,163,718</b>	<b>£1,186,993</b>	<b>£1,210,732</b>	<b>£1,234,947</b>	<b>£11,260,697</b>
<b>Other Costs</b>	<b>% of income</b>	RFSC - LATC	RFSC - LATC	RFSC - LATC													
NNDR*	£46,876	177%	£46,876	£47,814	£48,770	£88,177	£89,940	£91,739	£93,574	£95,445	£97,354	£99,301	£101,287	£103,313	£105,379	£107,487	£1,326,092
Support Services	15%	£216,810	£221,146	£225,569	£439,046	£543,789	£652,547	£665,598	£678,910	£692,488	£706,338	£720,465	£734,874	£749,572	£764,563	£779,854	£8,791,571
Operator Profit	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
<b>Total Other Costs</b>		<b>£263,686</b>	<b>£268,960</b>	<b>£274,339</b>	<b>£527,222</b>	<b>£633,730</b>	<b>£744,286</b>	<b>£759,172</b>	<b>£774,355</b>	<b>£789,842</b>	<b>£805,639</b>	<b>£821,752</b>	<b>£838,187</b>	<b>£854,951</b>	<b>£872,050</b>	<b>£889,491</b>	<b>£10,117,663</b>
* Increased for new facility based on comparative SQM																	
<b>Total Surplus / (Subsidy)</b>		<b>£-270,883</b>	<b>£-355,165</b>	<b>£-439,364</b>	<b>£-727,419</b>	<b>£-229,287</b>	<b>£289,062</b>	<b>£294,844</b>	<b>£300,740</b>	<b>£306,755</b>	<b>£312,890</b>	<b>£319,148</b>	<b>£325,531</b>	<b>£332,042</b>	<b>£338,683</b>	<b>£345,456</b>	<b>£1,143,034</b>
<b>Capital / Lifecycle Costs</b>		RFSC - LATC	RFSC - LATC	RFSC - LATC													
Lifecycle / Condition Survey Costs	0%	£0	£0	£0	£82,933	£84,592	£86,284	£88,010	£89,770	£91,565	£93,396	£95,264	£97,170	£99,113	£101,095	£103,117	£1,112,310
Build Cost Capital Repayments	0%	£0	£433,321	£1,411,291	£1,411,134	£1,410,972	£1,410,807	£1,410,638	£1,410,465	£1,410,288	£1,410,107	£1,409,921	£1,409,731	£1,409,536	£1,409,337	£1,409,133	£18,766,681
<b>Total Capital / Lifecycle Costs</b>		<b>£0</b>	<b>£433,321</b>	<b>£1,411,291</b>	<b>£1,494,067</b>	<b>£1,495,564</b>	<b>£1,497,091</b>	<b>£1,498,648</b>	<b>£1,500,235</b>	<b>£1,501,853</b>	<b>£1,503,503</b>	<b>£1,505,185</b>	<b>£1,506,900</b>	<b>£1,508,649</b>	<b>£1,510,432</b>	<b>£1,512,250</b>	<b>£19,878,991</b>
<b>Surplus / (Subsidy) incl capital &amp; lifecycle</b>		<b>£-270,883</b>	<b>£-788,486</b>	<b>£-1,850,655</b>	<b>£-2,221,486</b>	<b>£-1,724,851</b>	<b>£-1,208,029</b>	<b>£-1,203,804</b>	<b>£-1,199,495</b>	<b>£-1,195,098</b>	<b>£-1,190,613</b>	<b>£-1,186,037</b>	<b>£-1,181,369</b>	<b>£-1,176,607</b>	<b>£-1,171,749</b>	<b>£-1,166,794</b>	<b>£-18,735,957</b>

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# 11. Appendix D: Stage 1 Options Appraisal Report

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Provided as separate document



# Peterborough Investment Partnership

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This report has been written by The Sport, Leisure and Culture Consultancy (SLC). SLC was established in 2009 and advises organisations by developing effective strategies, planning sustainable facilities and enabling successful operational partnerships.



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