APPENDIX B

Facilities mix

Extract from Feasibility study for the replacement of Montem Leisure Centre. FMG Consulting, November 2014

LOCAL CONTEXT AND LOCAL NEED

Introduction

We have undertaken a demand and supply analysis within Slough to help provide an indicative picture of demand for a range of sports and physical activities in the area.

The analysis includes the following data:

- The demographic profile of Slough
- Sport England Local area profile for Slough and Market Segmentation data
- Existing usage information (as provided)
- A summary of previously undertaken consultation

For the purpose of this report, we have summarised the demand and supply analysis below but the full report is included in Appendix A.

Demographic Profile

The proportion of children and young people, and families with children in Slough is significantly above national and regional averages and consequently there are also a lower proportion of older residents.

As a result, Slough's residents should have a propensity to be more physically active than the current Borough's participation figures suggest. This implies that there is significant scope for improving participation rates and it also suggests that leisure facilities will need to cater to a young market.

In terms of population growth in the future, a significant increase of 22.5% is expected over the 20 years between 2012 and 2032 in Slough. The most substantial growth will occur in the over 60s age groups and this is likely to have a negative impact on demand, although there will clearly be greater net demand as a result of the larger population. There will also be significant growth among older children and young people (10-19 year olds) as well as mid-life groups (45-59).

Table 2.1 – Current and Projected Populations

Age Bands	Population 2012	Population 2032	% Change
All ages	141.800	173,700	22.5%
0-4	13,100	12,600	-3.8%
5-9	10,700	12,200	14.0%
10-14	9,000	12,000	33.3%
15-19	8,700	11,400	31.0%
20-24	8,900	10,600	19.1%
25-29	12,800	12,500	-2.3%
30-34	14,400	13,100	-9.0%
35-39	11,900	13,200	10.9%
40-44	10,500	12,700	21.0%
45-49	9,000	11,800	31.1%

Age Bands	Population 2012	Population 2032	% Change
50-54	8,000	11,300	41.3%
55-59	6,600	9,300	40.9%
60-64	5,300	8,300	56.6%
65-69	3,800	6,800	78.9%
70-74	3,100	5,500	77.4%
75-79	2,600	4,100	57.7%
80-84	1,900	2,900	52.6%
85-89	1,100	1,700	54.5%
90+	600	1,500	150.0%

Slough's population will also grow due to additional new housing. It is estimated by Slough Borough Council's Planning Department that 500 new home per annum will be developed over the next 5 years. The growth will be concentrated in the following wards:

- Central (1,558 home)
- Upton (417 homes)
- Langley St Mary's (305 homes)
- Britwell & Northborough (258 homes)

The demographic analysis also identified that there is significant ethnic diversity in Slough, suggesting that facilities and activities will need to be able to meet the needs of a wide variety of groups.

Socio-Economic Status of Population

In terms of socio-economic status, Slough has a lower proportion of AB and C1 residents and a higher proportion of C2 and DE residents than the national and regional averages and this is reflected by the levels of deprivation and unemployment which are also high. This suggests that significant parts of the population will not have high levels of disposable income to spend on leisure, sport and physical activity. The cost of participation, lack of time (for example due to work and child care responsibilities) and cost of travel are likely to be significant barrier to participation for many people in Slough.

Levels of car ownership in Slough are below the regional average, but there are significant discrepancies within Slough. As a result of this limitation on mobility, and a reportedly poor public transport system in Slough, localised facility provision will be particularly important.

Sport England Market Segmentation

The most prominent segments in Slough are fairly evenly divided between active types (Tim, Jamie, Phillip, Helena and to a lesser extent Kev) and relatively inactive types (Leanne, Brenda and Elsie & Arnold). However, it is the more prominent groups that tend to be more active, suggesting that participation levels in Slough should be higher than they are currently.

From these dominant segments, the Market Segmentation identifies high levels of demand and latent demand in Slough for keep fit/gym, swimming, football, athletics, tennis and cycling. This suggests that a level 1 facility will need to include significant health and fitness provision, a large pool, a large sports hall to accommodate team sports particularly 5-a-side football/futsal and studio space for fitness classes and spinning. It also suggests that there are high levels of demand among the adult population for studio hall space (e.g. classes), outdoor gyms/fitness trails, MUGA's, AGP's, grass pitches, cycling/running paths and marked routes.

Consultation and Current Usage

Consultation with the Operator - Slough Community Leisure ('Trust') and a review of current usage figures demonstrates the high levels of demand for swimming and a lack of available capacity at the Montem Leisure Centre pool. The Trust also indicated that there is high occupancy of existing sport hall space, which is particularly popular for five a side football and futsal.

Consultation also showed that the health and fitness and studio provision is also well utilised, although the Trust did not indicate that additional provision is required to accommodate demand. In terms of squash court provision at Montem Leisure Centre, the 3 courts do not reach capacity even at peak times, and there is no indication of significant demand or latent demand for squash locally.

There was also consultation undertaken with the local population through resident's surveys and they indicated demand for the following among young people in Slough:

- MUGA facilities including tennis markings in Langley, Cippenham and Britwell
- Cricket provision in Langley, Cippenham and Central Slough
- Informal and low cost football provision in Britwell
- Dance activities in Britwell and Langley
- Keep fit / gym
- Football – informal and low cost / free of charge
- Swimming
- Zumba
- Rugby
- Boxing
- Basketball

Supply Analysis

This section highlights the key findings from the supply analysis undertaken and assesses the existing levels of supply in Slough. The conclusions, taken with the level of demand will then be utilised to provide a recommended facility mix for a future facility in Slough. Table 6 in the supply and demand analysis report (Appendix A) identifies the sport and physical activity facilities in and within 1 mile of Slough's Borough boundary.

There is a relatively good distribution of facilities and facility types across Slough. There is also a significant variety of facilities and, in general, a high proportion of these facilities have public or Sports Club/Community Association access. Facilities are also relatively well distributed geographically, although, as would be expected, there is a higher density of facilities in the central areas of the borough. Colnbrook and Poyle in particular have a low number of facilities, although it is also the smallest borough in terms of population.

For the purpose of this summary section, we have focused on:

- Health and fitness
- Sports halls
- Squash
- Swimming pool water

Health and Fitness

The supply analysis showed that there are 28 facilities in the area contributing to a minimum of 1,422 stations. Of these facilities, 20 of the facilities (1,341 stations) are available to the public (including memberships), 2 facilities (33 stations) have Sport Club/Community Association access while there are also 3 private facilities (48 stations).

Furthermore, examination of the location of the facilities identified that wards including Britwell, Cippenham Green, Wexham Lea and Baylis & Stoke have no health and fitness facilities.

Additionally, the health and fitness facilities in Cippenham Meadows and Upton are concentrated in the corner of each ward closest to the centre of Slough. In terms of fitness studios locations, there are a lack of studios in the East and Southwest of the Borough, although there are a number of flexible community spaces in the East in particular. The location of these facilities can be viewed in Figure 11 of the demand and supply analysis report in Appendix A.

Therefore, although demand for health and fitness is very high in the Borough, there are a significant number of accessible facilities. Consultation with the Operator also suggests that there is additional capacity within the existing provision to meet this demand.

However, the distribution of the facilities leaves some areas with high demand with a lack of facilities, which will impact particularly on young people and those without access to a car. Free provision such as outdoor gyms, fitness trails etc. should be considered in these areas to cater for this issue.

Health and Fitness Recommendations

The demand assessment showed that there are high levels of demand for keep fit / gym activities across all geographic areas of Slough and also among a wide variety of population groups. However, consultation with SCL suggested that capacity still exists within their existing level of provision to accommodate demand. The Active Communities Team also informed SLC that there are a growing number of budget gyms appearing in Slough, which is increasing supply.

In terms of studios accommodating fitness classes, these are well distributed across the Borough. A large proportion of these facilities are accessible to the public – i.e. either allow pay and play access (10 health and fitness facilities with 860 stations) or registered membership access (10 health and fitness facilities with 481 stations). This suggests that those residents that are inclined to join a gym or regularly access this type of built facility are able to do so within the existing level of provision relatively easily.

As a result of the analysis, we recommend that the new leisure centre ***includes 125 stations and 3 studios (2 fitness studios and a spinning studio)*** which is equivalent to the existing level of provision at Montem Leisure Centre. This will also be able to accommodate population growth in the future. Additional flexible space that could be used for group exercise could also be provided through retention of two squash courts with a movable wall.

However it should be noted that the consultation has also demonstrated that a lack of time and cost are significant barriers for potential users of this type of facility. Young people in particular have high levels of demand for keep fit/gym activities and are most affected by the issue of cost. As this is a target group for the Council, and there is scope for provision to have an impact to a wider sector of the community who experience similar barriers, this should be addressed through the dispersal of facilities as shown in the leisure facility strategy.

As a result of the barriers to exercise, it is recommended that ***a combination of outdoor gyms and fitness trails are provided*** in areas which have a high proportion of young people, high levels of deprivation / lower socio-economic status residents, low car ownership and few accessible facilities. These include Baylis & Stoke, Eliman, Central, Farnham, Upton, Wexham Lea and Britwell & Northborough.

This demand should also be met to some extent by provision of a range of fitness classes in local facilities e.g. sports halls, studios and flexible community spaces. The supply assessment suggests that there is a relatively strong supply of facilities within Slough which are capable of accommodating this type of activity. However, more work on accessibility needs to be undertaken in the future.

Sports Halls
The demand and supply analysis in Appendix A identifies 28 sports halls within the Slough area totalling 89 courts. Of the 28 halls, 10 halls (49 courts) are publically accessible, 10 halls (26 courts) are available on a Sports Club/Sports Association access and 7 halls (10 courts) are private.

A number of new sports hall (12 courts) are also being developed at Lynch Hill Enterprise Academy (4 courts in Britwell & Northborough), St Joseph's Catholic High School (4 courts in Central), and Ditton Park Academy (4 courts in Upton). Another free school is likely to be approved to open in 2016 and would include community use of facilities outside of school hours.

There is also an identified shortfall of sports halls that can accommodate ball games etc. as according to Sport England's FPM run, suggesting that the existing level of provision will need to be maintained as a minimum supported by increased access to school facilities, particularly new school developments. This view is also supported by consultation with SCL which identified that the sports halls at Montem Leisure Centre and Herschel Sports at operating at near capacity at peak times.

The FPM run of Sports Halls undertaken by Sport England suggested **a significant shortfall of compliant provision of circa 14 courts.** A high proportion of demand in sports halls is for five a side football and this may be ameliorated by some extent by localised MUGA provision and increased AGP provision, although this is not guaranteed.

Furthermore, despite a number of new school community facilities emerging, the hours of access are inherently limited, and strong community access agreements would be required to secure access in the long term. There is also projected to be significant population growth and new housing in Slough, which will increase future demand for sports hall provision.

Sports Hall Recommendations
The analysis concludes that as a ***minimum 5 courts*** are required to be provided in Slough to support peak time access in addition to encouraging community access and balanced programming at a high number of new school sports halls.

Therefore, it is recommended that given the high demand for sport hall space in Slough, it is recommended that the existing provision of a ***5 court sports hall at Montem Leisure Centre is re-provided at a new leisure centre facility***, supported by the negotiation of increased community access at new or existing school developments and facilities.

Swimming Pool Water
Table 6 located in the demand and supply analysis report in Appendix A has identified 17 swimming pools in the area across 14 sites. There are 13 pools, which are publically accessible while 2 pools have Sports Club/Sports Association access and 2 pools are private.

The analysis showed that there are facilities located centrally, in the east and in the west but there is also a number of areas without swimming pools. However, given the cost of providing this type of facility, it is reasonable to expect users to have to travel slightly further to access provision.

Montem Leisure Centre (438m2 of pool water) and Langley Leisure Centre (325m2) are the Council's two principle leisure facilities and both provide a significant amount of water space. Furthermore, Windsor Leisure Centre (outside Slough's boundaries) has 725m2 of water space, and will provide an alternative accessible facility, particularly for residents of Upton, Chalvey and Cippenham Meadows.

In terms of demand, swimming in Slough has very high levels of demand and latent demand. Swimming was identified as having the second highest participation of all sports in Slough by Sport England while consultation with the Trust and the Sport England FPM also indicates that there is limited spare capacity and that the pools are heavily used at peak times. The FPM run identifies a shortfall of 717m2 of water space in the Borough but this is prior to understanding the cross boundary facilities.

When taking this into account, 95% of demand is met from existing facilities in the borough or exported to other local authorities, although part of the projected users to the Council's facilities are imported from other local authorities, but in overall terms Slough is net exporter. There is an estimated 500 swims per week in peak period not currently being met by Slough which are mostly due to living outside the catchment of the facilities.

This information suggests that the amount of water space in Slough at present must be maintained in the future as a minimum and that the Borough would benefit from additional facilities or increased access to school facilities where possible. Additional flexibility through movable booms and floor would also be advantageous for the area.

A centrally located facility, similar in location to the current Montem Leisure Centre, provides good strategic coverage of the Borough in terms of accessibility. Whilst the entire Borough falls within a 20 minute drive time of a central facility, the walk time catchment is significantly more limited. This suggests that a site with strong public transport links will be crucial to ensuring accessibility of the facility for residents without access to car. It also emphasises the importance of maximising community access to the pool at Beechwood School. Additional provision, for example as part of a new school development, should be considered in the west of the Borough in future.

Analysis on accessibility of swimming pools detailed that Montem and Langley Leisure Centres and Le Club Slough – Windsor are the only fully accessible facilities within Slough with pay and play access.

In addition, other facilities within Slough allow only registered membership use, which will be beyond the financial means of many residents while Sports Club / Community Access will also significantly limit access for the community. Ideally, in order to provide more accessible provision in the west of the Borough, Beechwood School would allow pay and play access outside of school hours.

Swimming Pool Water Recommendations

At present, publicly accessible swimming within Slough is provided by Montem and Langley Leisure Centres and Beechwood School, which still has not optimised access for the community and is used primarily by private swimming schools. These pools are supplemented by 3 commercial facilities within Slough plus Windsor Leisure Centre to the south also provides an alternative facility for some residents.

Montem Leisure Centre provides strong strategic coverage of the Borough as it is centrally located, with its entire geographic area falling within a 20 minute drive time. This is supported by Langley Leisure Centre in the east of the borough and Beechwood School in the west of the Borough. However, access for residents without access to a car will be more limited, particularly in the west where Beechwood School does not provide as much public access.

We conclude that ***existing levels of swimming pool provision will need to be maintained going forward as a minimum***. Additional water space or at least increased public access of the Beechwood School facility and any other new school developments would be desirable. Furthermore, increased flexibility of water space, for example a movable boom, would also be beneficial to the Borough of Slough.

Therefore, it is recommended that a ***6 lane 25 metre pool with movable boom with variable height floor and 125m2 teaching pool*** is provided at a centrally located level 1 facility as a minimum. This should be supplemented by the negotiation of increased public access at Beechwood School and any future swimming facilities at new school developments. In addition, an option with an ***8 lane pool with the same flexible use features*** should also be explored at this stage.

Squash

Squash facilities are limited within Slough's boundaries, but the assessment advises that demand is low and consultation with SCL revealed unused capacity at peak times in the existing 3 squash courts. This suggests squash should not be a prioritised facility type in Slough, unless the space is designed as a multi-purpose studio.

Furthermore, the Council last year co-funded the Thames Valley Athletics Centre in partnership with Windsor and Maidenhead, which included 4 new squash courts. As a result, this created an opportunity to explore the rationalisation of the squash courts at Montem Leisure Centre with the potential option to possibly not replacing them in the future due to budgetary constraints. Therefore, SLC recommends this is subject to consultation with current users and the governing body England Squash.

Therefore, with the range of other squash facilities in or near the borough, the information suggests there is currently an oversupply of squash facilities.

Squash Recommendations

As a result of the demand and supply analysis, it is recommended that ***a reduced number of squash courts, i.e. 1 or 2 courts are re-provided at a level 1 facility***, and that consideration is given to designing these to provide additional studio space if demand is low through a movable wall.

Net Demand for Level 2 Facilities

The full report for the remaining facilities analysis can be located in the demand and supply analysis report in Appendix A. However, we have detailed the headline recommendations below:

- **Pitch Sports**
  - It is recommended that SBC pursue the inclusion of a ***full size AGP*** with community use as part of a community stadium facility, and that it encourage the ***development of AGPs on schools sites*** whilst securing as much community use as possible outside of school hours.
  - The Council may also wish to consider provision of ***2-3 small sided AGP pitches*** adjacent to The Level 1 facility to compensate for the loss of indoor sports hall space and to encourage the export of use outside.
  - ***Free access to MUGAs*** in and near Central and Cippenham Green and Meadows wards to be supplied where possible with cricket targets / non-turf wickets. Also additional free access MUGAs with football goals or informal kick-about areas be provided Wexham Lea and Baylis & Stoke. The impact of new MUGAs, including those due to be provided as park of school developments, in Britwell & Northborough, Cippenham and Central should be assessed before providing additional facilities in these areas.
- **Indoor Sports** (boxing/martial arts, gymnastics and flexible community spaces)
  - It is recommended that a ***full audit*** of these facilities and the sport and physical activity services provided within them will be need to fully appreciate where there are gaps in provision.
- **Tennis**
  - It is recommended that ***additional tennis court facilities*** or ***marking of tennis courts on new / existing MUGAs*** are provided in Britwell & Northborough, Cippenham Green, Cippenham Meadows, Langley St Mary's and Langley Kedermister to meet demand.
  - Alternatively, ***increased access to the 6 courts at Langley Grammar School*** would meet demand for this locality (Langley St Mary's and Langley Kedermister).
- **Cycling**
  - It is recommended that the Council maximise ***marked routes*** through, around and between ***parks and open spaces***, and provide ***route maps*** online and at park sites to facilitate and encourage participation by residents.
- **Children's Play**
  - ***Play facilities*** for young children and facilities and programmes for young families, (e.g. Buggy exercise classes, Baby Yoga etc.) could be the focus of the

dispersed strategy in Chalvey and Cippenham Meadows due a high proportion of young children and people aged between 25-44 years old.

- A number of wards have high proportion of older children and young teenage residents compared with Slough as a whole, particularly Baylis & Stoke, Britwell & Northborough, Wexham Lea and Foxborough, but also Farnham and Langley Kedermister. More ***adventurous play provision*** and ***free or low cost facilities and services*** focused on the interests of young people could be the focus of the dispersed strategy in these areas.

Summary

In this section, we have reviewed the Sport England FPM data, the census information, market segmentation and consulted with the operator and have established the requirements for the Level 1 and Level 2 facilities.

The Level 1 facilities (which form the replacement leisure centre) are analysed in further detail in this report and the Level 2 facilities are included in the updated Leisure Strategy included in Appendix B to this report.

FACILITY OPTIONS

Introduction

Following on from Section 2 above, this section sets out the recommended facilities for the new leisure centre (Level 1 Hub). The table below sets out the options to be considered in further detail:

Table – Facility Options

Primary Facilities	Option A	Option B
Swimming Pool	6 lane x 25m	8 lane x 25m tank
Teaching Pool	125m2	125m2
Gym	125 stations	125 stations
Sports Hall	5 courts	5 courts
Squash Courts	2 courts	2 courts
Café and Vending	Yes	Yes

As can be seen, the difference between the options is the size of the main pool tank, which has an additional 2 lanes. The main pool tank is fitted with moving floors and a boom.

Overall Profit and Loss

The table below sets out the overall income and expenditure relating to the new facility to include all income and costs

Table – Summary of Profit and Loss Projection - Option A (6 Lane Pool)

	2013/14 Actual £	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
Sports Hall	167,308	100,611	105,641	110,923	116,469	122,293
Squash	22,435	17,264	18,127	18,671	19,044	19,235
Health and Fitness	1,170,509	1,222,668	1,274,340	1,321,676	1,346,720	1,346,720
Swimming	605,518	705,377	689,306	678,176	673,404	673,404
Café	13,196	159,716	164,291	168,178	168,979	170,002
Vending	26,477	79,858	82,145	84,089	84,489	85,001
Retail	13,573	19,964	20,536	21,022	21,122	21,250
Other	168,724	0	0	0	0	0
Total Income	**2,187,740**	**2,305,458**	**2,354,387**	**2,402,736**	**2,430,229**	**2,437,905**
Salaries and Wages	-954,855	-881,786	-881,786	-881,786	-881,786	-881,786
Total Premises	-355,972	-484,002	-496,002	-505,002	-505,002	-505,002
Advertising & Marketing	-56,833	-46,109	-47,088	-48,055	-48,605	-48,758
Total Other Costs	-128,381	-45,696	-45,696	-45,696	-45,696	-45,696
Total Cost of Goods Sold	-38,619	-139,751	-143,755	-147,156	-147,856	-148,752
Total OHP and VAT	-365,116	-297,497	-302,592	-307,113	-308,763	-309,224
Total Expenditure	**-1,899,776**	**-1,894,842**	**-1,916,919**	**-1,934,808**	**-1,937,708**	**-1,939,218**
Net Surplus/(Cost)	**287,965**	**410,617**	**437,467**	**467,927**	**492,520**	**498,687**

When comparing the 2013/14 actual with the new Year 1 projection it can be seen that:

- The net surplus increases by £122,000 mainly from an increase in income
- There are increased revenues compared to the 2013/14 position relate to initial growth in swimming and fitness, although this is partially offset by the reduction in the number of squash and sports hall court, and
- There are operational savings from staffing, marketing, general supplies and services, utility costs and also maintenance costs.
- The new Operator will incur additional costs associated with national non-domestic rates and equipment lifecycle costs, which are not included in the 2013/14 net surplus.

Income projections

The table below highlights the level of income that we believe will be generated over the first 5 years of operation of a new facility. We have also included a comparison with the actual 2013/14 and our Year 1 projection.

Table – Income Projections

	2013/14 Actual £	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
Sports Hall	167,308	100,611	105,641	110,923	116,469	122,293
Squash	22,435	17,264	18,127	18,671	19,044	19,235
Health and Fitness	1,170,509	1,222,668	1,274,340	1,321,676	1,346,720	1,346,720
Swimming	605,518	705,377	689,306	678,176	673,404	673,404
Café	13,196	159,716	164,291	168,178	168,979	170,002
Vending	26,477	79,858	82,145	84,089	84,489	85,001
Retail	13,573	19,964	20,536	21,022	21,122	21,250
Other	168,724	0	0	0	0	0
Total Income	**2,187,740**	**2,305,458**	**2,354,387**	**2,402,736**	**2,430,229**	**2,437,905**

The Impact of the 8 Lane Option compared to the 6 Lane Option

The key marginal difference in income and costs are shown in the table below. These include swimming income, premises costs, chemicals and staffing costs and these are covered in more detail below.

It should be noted that the 8 lane option has a marginal increase in net expenditure, but this is partly due to pool capacity issues. It is very possible that the 8 lane option could break-even, provide a more flexible pool and improve the retention of users, given the income per m2 of pool water is marginally reduced.

Table – Summary of Variations – Position at End of Year 3

All £	Option A	Option B	Difference
Swimming	678,176	711,228	33,053
Café	168,178	171,803	3,625
Vending	84,089	85,902	1,812
Retail	21,022	21,475	453
Salaries and Wages	-881,786	-915,979	-34,193
National Non Domestic Rates	-174,746	-184,122	-9,376
Utility Costs	-129,663	-136,620	-6,957
Equipment Lifecycle Fund Contribution	-41,274	-41,944	-669
Advertising & Marketing	-48,055	-48,834	-779
Consumables	-10,720	-13,720	-3,000
Café - Cost of Goods Sold	-84,089	-85,902	-1,812
Vending - Cost of Goods Sold	-54,658	-55,836	-1,178
Retail - Cost of Goods Sold	-8,409	-8,590	-181
Central Costs	-72,082	-73,250	-1,168
Irrecoverable VAT	-58,975	-60,728	-1,754
Contingency / profit	-72,082	-73,250	-1,168
Net Operating Surplus	467,927	444,635	-23,292

The table above shows that increasing the lanes from 6 (Option A) to 8 (Option B) would increase overall income by £37k. However, overall net operating surplus would reduce by £23k.

Swimming income
We have assumed that there will be a marginal increase in income, but given that the 6 lane would remain at a very high utilisation rate per m2 of pool water (£1,400), under this option we would expect to see growth through gala and casual swimming, but again the 8 lane option will also be operating at higher than average utilisation (circa £1,300 per m2).

Staffing Costs
We have included an additional lifeguard to cover busy periods whilst the pool is open in accordance with recommended health and safety guidance.

Premises costs
Part of the premises costs, are linked to capital expenditure which as the building is larger incurs a higher capital cost. We have also included an increase in utility costs to heat the water and manage the air handling plant in the pool hall and changing areas.

Chemicals
A small provision has been made for additional chemicals for the pool water, reflecting the larger pool size of £3,000 under Consumables.

Other Costs
There are a number of other costs, including cost of goods sold which is linked to the additional café sales, irrecoverable VAT and also central costs and profit which are linked to the marginal increase in revenue.

Savings from Investment

The Montem Leisure Centre forms only part of the portfolio of leisure facilities and services provided by the current Leisure Trust and included in their overall management fee from the Council. It is not possible within this report to consider the overall change in the management fee for the whole contract when it comes up for renewal.

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
New Projected Surplus	388,141	414,573	444,635	469,001	475,168
Adjusted Net Operating Surplus	112,965	112,965	112,965	112,965	112,965
Saving from Investment	275,176	301,608	331,670	356,036	362,203

However it is possible to establish the impact on the management fee arising from the capital investment when compared to the current position. However, the current 2013/14 budget does not include the transfer of NNDR responsibility to the Operator, so we have made an adjustment for this additional cost. We estimate that the budget for the NNDR will be £175,000 per annum.

Table – Overview of Adjusted Net Operating Surplus

	£
Current Net Operating Surplus	287,965
Budget for NNDR from Council	-175,000
Adjusted Net Operating Surplus	**112,965**

The table below sets out a comparison between the new projected operational surplus for the site by the Operator and the equivalent net operating surplus based upon the actual 2013/14 but adjusted for a number of items explained in the table above.

Table – Savings from Investment – Option A

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
New Projected Surplus	410617	437467	467927	492520	498687
Adjusted Net Operating Surplus	-112965	-112965	-112965	-112965	-112965
Saving from Investment	297652	324503	354963	379556	385723

It can be seen that the new facility will generate net savings of circa £300,000 in Year 1 to £385,000 in Year 5 and onwards, with Option B generating substantial savings but these are marginally less than Option A mainly due to the over performance of the current facility.

Table – Savings from Investment – Option B

	Year 1 £	Year 2 £	Year 3 £	Year 4 £	Year 5 £
New Projected Surplus	388141	414573	444635	469001	475168
Adjusted Net Operating Surplus	-112965	-112965	-112965	-112965	-112965
Saving from Investment	275176	301608	331670	356036	362203