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COMMERCIALLY SENSITIVE AND CONFIDENTIAL

Winchester City Council

Meadowside Leisure Centre Feasibility Study

Draft Report

8 November 2019

THE SPORTS CONSULTANCY

www.thesportsconsultancy.com

Contents

Section 1: Introduction

INTRODUCTION

The Sports Consultancy was appointed by Winchester City Council (the Council) in October 2019 to assess a series of options for the future of Meadowside Leisure Centre (the Centre). The project follows on from an earlier feasibility study that considered the development of a new 4-court hall sports facility in the south of the Winchester District.

Meadowside Leisure Centre is located in Whiteley. It was built in 2000 and extended in 2010-11. It includes the following facilities:

- 3-court sports hall
- 32-station health and fitness gym
- dance studio
- meeting rooms
- Small-sided 3G pitch (35m x 18m).

The building also houses the Whiteley Town Council offices; however, these are only occasionally booked for public use for public use. The Centre has approximately 45 parking spaces.

The Council owns the land on which the existing Centre stands but does not own the land behind it (the town council) or in front of it (British Land). The Centre is somewhat dated and has issues with disability access and the suitability of the first-floor areas for fitness activities (see Section 2 for further details).

Since 2011, the Centre has been managed by Places Leisure and the contract is due to expire in January 2021. Separately, the Council is also redeveloping its main leisure site in Winchester and the new Winchester Sport and Leisure Park is due to open in early 2021 (to replace River Park Leisure Centre). The options covered in this report cover the period from January 2021 when the existing management contract expires.

Project Scope

Building on the findings of the previous project, the Council has identified four options for the future of the Centre and these will form the basis of this report:

- **Option A**: tender the management of the Centre for a 5-year period and then consider the disposal of the site and reinvestment in community facilities
- **Option B**: tender the management of the Centre for a 10-15-year period and include the option for the new operator to provide capital investment to improve it
- **Option C**: pass the management of the facility to the town council
- **Option D**: close the Centre and sell the site for alternative uses.

The implications of all four options will be assessed on a financial and non-financial (i.e. sporting/social) basis in order to provide a recommendation on the most appropriate way forward.

Report Structure

The report is set out in the following sections:

- Section 2: The Existing Centre
- Section 3: The Local Market
- Section 4: The Options
- Section 5: Operator Soft Market Testing
- Section 6: Financial Analysis of the Options

- Section 7: Non-financial Analysis of the Options
- Section 8: Indicative Project Timescales
- Section 9: Conclusions.

THE EXISTING CENTRE

As outlined in the introduction, the Centre is located in Whiteley, which is in the south of the Winchester District. It was built in 2000 and extended in 2010-11. It includes the following facilities:

- 3-court sports hall
- 32-station health and fitness gym
- dance studio
- meeting rooms
- Small-sided 3G pitch (35m x 18m).

The building also houses the Whiteley Town Council offices; however, these are only occasionally booked for public use. The Centre has approximately 45 parking spaces.

It is currently managed by Places Leisure (and has been since 2011). The contract is due to expire in January 2021.

The location of the Centre within the district is shown in Figure 1.

The layout of the site is shown in Figure 2.

Figure 1: Locations of the Centre

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Figure 2: Site Layout

Financial Performance

In the previous feasibility study report, an assessment of the financial performance of the Centre over the last three complete financial years[1] was undertaken. The data were compared with benchmarks from TSC's Operational Database. This contains over 1,250 financial records from over 450 public leisure facilities across the UK.

Overall, it showed that income is at the level between the lower quartile and median of expected performance. This was not necessarily an unexpected outcome given the relatively small size of the facility, that it is not located in an area of significant population and the relatively limtied range of facilities on offer. On the expenditure side, staffing costs in relation to income were at the lower quartile level; however, this reflected the relatively low income levels. Overall, the percentage cost recovery was at the upper quartile level as the Centre operationally performs at a small surplus (i.e. before depreciation). This indicated that, despite the challenges of the location, the building is well managed.

In Table 1, updated summary financial information is provided, including for the complete 2018-19 financial year.

Table 1: Financial Summary

	2016-17	2017-18	2018-19
Total Income	£375,881	£334,353	£324,389
Total Expenditure	£312,727	£329,075	£304,562
NET OPERATIONAL POSITION	**£63,154**	**£5,278**	**£19,827**
Depreciation	£36,351	£41,137	£35,827
NET POSITION	**£26,803**	**(£35,860)**	**(£16,000)**
Management fee	£9,936	£18,848	£15,319
Total visits	**126,533**	**111,173**	**115,351**
Income per visit	£2.97	£3.01	£2.81
% operational cost recovery	120.2%	101.6%	106.5%

Total membership numbers currently stand at circa 450, which equates to 14 per health and fitness station. The compares to an average benchmark from TSC's Operational Database of 23.

Building Condition

In September 2019, a condition survey of the building was undertaken. The purpose of the inspection was to record its current condition and to identify key repair requirements over the short-, medium- and long-term.

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[1] The information for 2018-19 was an estimated outturn based on the first ten months of the year.

The inspection was of a visual nature only (i.e. no opening up or testing) and included all internal and external areas of the building, along with the perimeter hardstanding and car park.

Overall, the property is in a reasonable state of repair and condition, given its age and its use. The repairs identified are typical of what could reasonably be expected for a property of this type. The most notable were as follows:

- Blown double glazing units to the sports hall
- Cut edge corrosion to the profiled metal pitched roof covering over the first-floor function rooms
- Clogged and potentially leaking gutters and downpipes
- Limited disabled access provisions within the facility, specifically no accessible changing or toilet facilities.

Overall, the cost of all identified repairs was summarised into three categories:

- **High**: urgent attention required (e.g. health and safety issue)
- **Medium**: possibly serious implication if not remedied (e.g. significant disrepair to external fabric)
- **Low**: not of immediate concern, but may impact on future use and costs of maintaining the building. May become a higher priority if nothing is done to remedy the issue.

Table 2 presents a summary of the condition survey costs. It is envisaged that the Council would address these prior to the commencement of a new contract.

Table 2: Condition Survey Cost Summary

	Year 1	Years 2-5	Years 6-10	Total
High Risk	£0	£0	£0	**£0**
Medium Risk	£9,816	£26,565	£0	**£36,381**
Low Risk	£16,116	£42,888	£108,707	**£167,711**
Totals (£)				**£204,000**

As outlined in Section 1, the strength of the first floor means the meeting/functions rooms are unsuitable for fitness activities that involve large numbers of people or significant movement by participants. In practice, activities like yoga are permissible, but not more active fitness classes. Addressing this is not covered by the condition survey cost summary above and it is estimated that it would require a further £20,000-£30,000 to rectify. Therefore, the total estimated investment required in the building is £234,000. Depending on the option the Council decides upon, it would look to make this investment prior to the commencement of a new management contract.

THE LOCAL MARKET

As options A, B and C involve the Centre remaining open, the local market and competitive context is important as it will inform what could be achieved in the future.

Winchester District is amongst the twenty most affluent local authority areas in the country. It covers around 661 square kilometres with over 50 rural settlements, centred around the county town of Winchester itself. The district has many special heritage characteristics and 40.4% of it falls within the South Downs National Park.

In 2018, the Winchester District had an estimated population of 124,295. The Office for National Statistics' (ONS) *2014 Sub-national Population Projections for Winchester City* suggested that there would be an increase in population of 13.1% to 138,000 between 2014 and 2037. As set out in the *Winchester District Local Plan Part 1 – Joint Core Strategy*, 16.6% of the district's population currently lives within the South Downs National Park and 36% of the population live in the city of Winchester.

Winchester has a well-educated and healthy population with 30% being qualified to professional status compared to 20% nationally and 74% of residents consider themselves to be in good health compared to 68% nationally. Life expectancy for both men and women is also higher than the England average. However, 60.5% of Winchester's adults are still categorised as being overweight (including those who are obese), although this is lower than the national figure of 64.8%.

In participation, the District is above the average for England. Participation figures from the *Active Lives Survey* (2017-18) show that a greater percentage of adults in Winchester are classified as 'active'[2] (69.4%) compared to regional (65.9%) and national (62.6%) levels.

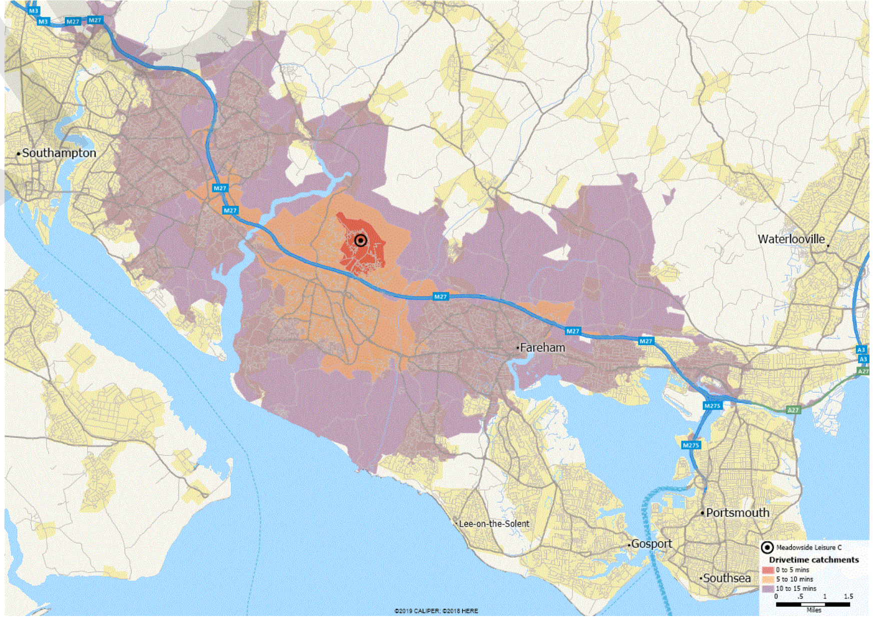
Provision will be made in the District for about 12,500 dwellings (net) in the period April 2011 to March 2031, distributed between the three spatial areas as follows:

- 4,000 dwellings in Winchester
- 6,000 dwellings in South Hampshire Urban Areas
- 2,500 dwellings in Market Towns and Rural Areas.

Based on the 2017 population estimates, the total number of people within 15 minutes of the Meadowside Leisure Centre is as follows:

- 0-5 minutes: 544
- 5-10 minutes: 31,564
- 10-15 minutes: 215,177.

Figure 3: 5-, 10- and 15-minute catchment areas for the Centre



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[2] 'Active' means participating in at least 150 minutes of activity per week.

Health and Fitness Latent Demand

The Centre is located less than a mile away to the north of the M27 motorway and the River Hamble around 2-miles to the west. Population numbers in the immediate area are low due to the areas of green space to the north and east of Whiteley. Just 8,500 people live within a one-mile radius (although as part of the North Whiteley Major Development Area, 3,500 homes, two primary schools and a secondary school are due to be built in the coming years). The population rises to almost 29,000 within two miles. For the purposes of assessing the demand for health and fitness facilities, the latter has been considered as the core catchment area. It is considered that most members will come from this area, but in addition an allowance has been made for those people who will travel from outside the catchment. As mentioned, this area is home to 29,000 people and of these 22,934 are adults aged 15 and over.

The two-mile catchment reaches the River Hamble to the west and the outskirts of Fareham to the east. To the south it reaches the edge of Titchfield. In terms of demographics, two of the affluent Mosaic groups really stand out and account for over half (54%) of the catchment population:

- G (Domestic Success): 29%
- B (Prestige Positions): 25%.

Those in **Domestic Success** tend to be high-earning families, typically headed by couples in their 30s and 40s, many of whom have school-age children. They live affluent lifestyles in upmarket homes and their busy lives revolve around their children and successful careers in higher managerial and professional roles.

The proportion of group G households is over three times higher than the national average. The largest share of this group (14%) falls into type G28 (**Modern Parents**) and these tend to be married couples with young children. Typically, they are in their 30s and 40s. A good number also falls into G27 (**Thriving Independence**: 8.3%) and G29 (**Mid-Career Convention**: 5.5%). Type G29 is similar to G28 above (families with children), but with slightly lower household incomes. The **Thriving Independence** group, however, is slightly different from the other group G types in that many are singles in their 30s and 40s, mostly with no dependent children.

The **Prestige Positions** groups contain some of the most affluent people in society, consisting of well-educated couples with successful careers in senior and managerial positions. Most will be in their mid-40s to mid-60s and they live in spacious homes. In this catchment, the proportion of those in group B is almost 3.5 times higher than the national average. Those within this group are largely split across three types with each accounting for over 7% of the catchment population. Those in type B07 tend to be younger and more affluent than those in B08 and B09. Type B07 (**Alpha Families**) typically contains high-achieving married couples in their 40s with younger school-age children. Type B08 (**Bank of Mum and Dad**) tends to be well-off married couples slightly older than **Alpha Families** whose children, generally aged 18 to 25, are still enjoying the comfort of their childhood home. Type B09 (**Empty-Nest Adventure**) are older still, consisting of couples, mostly 56+, living in large detached homes. With their children now having left home, they enjoy a very comfortable standard of living.

The only other Mosaic group represented at above-average levels in the catchment is the younger category H (**Aspiring Homemakers**). Almost a quarter of the population is classified as such (24%). Type H33 (**Contemporary Starts**) makes up almost 17% of locals. These are fashion conscious younger couples and singles in their 20s and 30s setting up home in neighbourhoods attractive to themselves and their peers. Most do not yet have children and instead are focusing on building their careers. Type H30 (**Primary Ambitions**: 4.7%) also features and these are typically aspiring young families headed by parents aged in their 30s, who have one or two children who attend local nurseries and primary schools. Both parents work and many have degrees, meaning they have good household incomes from jobs in lower managerial and lower professional roles.

Although at group level Mosaic group E (**Senior Security**) does not stand out, there is one type within it that does. Type E18 (**Legacy Elders**) accounts for over 3.5% of residents. As the name suggests, these are people well into retirement, with an average age of 78. Many are in good health and still live in their (now valuable) family homes. They are enjoying the financial security that comes with outright ownership and a good final salary pension.

In terms of age, the number of people aged 25-54 is higher than the national average, while all age brackets 55+ are represented at lower levels. The number of children and teenagers is also above average.

Competition

The Centre is located within an area of significant competition for health and fitness facilities. There are currently four fitness competitors within two miles of it and two of them are within a mile. Additionally, within 15 minutes, there are a further seven facilities and British Land is proposing to build a new facility (circa 60 stations) as part of the adjacent shopping centre. The planning application for this has not yet been determined.

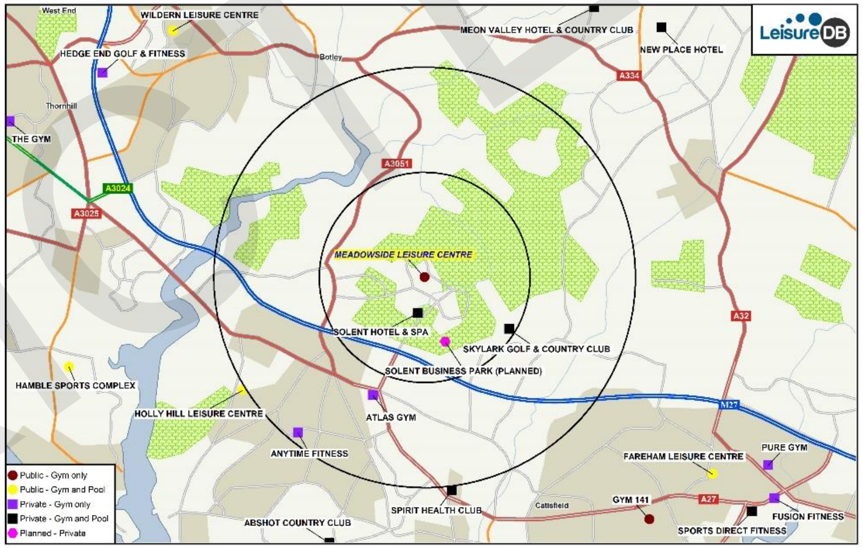
Of the facilities within two miles, the closest is Solent Hotel & Spa which offers a circa 25-station gym, studio, small pool and spa. It is the most expensive club in the area with a premium price tag of over £80 per month.

Skylark Golf & Country Club offers similar facilities to Solent Hotel but has a smaller spa area and an 18-hole golf course. Membership is £45 per month. Together, the clubs have around 1,500 members.

The other two competitors in the catchment are both south of the M27. Just under two miles away is Anytime Fitness in Locks Heath, which is open 24 hours a day. The club opened in 2016 and has over 1,000 members for its 40-station gym and studio. The typical monthly price is £34.95. Atlas Gym is a small independent club with an emphasis on functional training. It has less than 200 members and charges £29.99 per month. Like Anytime Fitness it is open 24 hours a day.

Just outside the catchment to the south west is Holly Hill Leisure Centre, which opened in 2016 and is managed by Everyone Active. They also operate the principal leisure facility in Fareham (circa three miles away to the south west). Both have large gyms (100 stations), pools and studios. The latter also offers a large sports hall and squash courts. Monthly membership at both is £25 and they each have large membership bases.

Figure 4: Health and Fitness Competition Map



Also to the south is Spirit Health Club at the Holiday Inn Hotel and the Abshot Country Club in Titchfield Common. Both clubs offer wet and dry facilities for £40 to £50 per month.

In terms of new facilities, outline plans have been submitted for a mixed used development at Solent Business Park which includes a gym. However, a decision has yet to be made on the application.

Latent Demand

The **latent demand for fitness at the Centre has been estimated to be 840**. This is the total number of members that could potentially be achieved if the fitness offering was expanded. This figure includes an allowance for 30% of the total coming from outside the two-mile catchment area. It also takes into account the impact of competition in the area, particularly for those in the south west of the catchment who have the Holly Hill Leisure Centre closer to them.

The information was provided to operators as part of the soft market testing exercise (Section 5).

The full Latent Demand Report can be found in Appendix A.

THE OPTIONS

As outlined in Section 1, the Council is considering four options for the future of the Centre. They are set out in Table 3 and explored further in the following sections.

Table 3: Summary of the Facility Options

No.	Option name	Notes
A	5-year contract	A new contract for the management of the Centre for a 5-year period would be tendered. At the end of this period, the Council would consider the disposal of the site and reinvestment of the proceeds in community facilities. The closure of the Centre would coincide with the provision of a new sports hall as part of the new secondary school being delivered as part of the North Whiteley development. The development agreement states that the operator of the school shall enter into a Community Use Agreement with the Council and that the sports/community facilities will be available for hire no later than three months after the school opening date. This option will be informed by the results of the operator soft market testing exercise (see Section 4). Operators' appetite for the opportunity will be informed by the local market and Latent Demand Report information set out in Section 3.
B	10-15-year contract	A new contract for the management of the Centre for a 10-15-year period would be tendered. This option will be informed by the results of the operator soft market testing exercise (see Section 4). Operators' appetite for the opportunity will be informed by the local market and Latent Demand Report information set out in Section 3.
C	Town Council management	The responsibility for managing the Centre (including all costs, staffing, maintenance, etc) would be passed to Whiteley Town Council for a period to be determined.
D	Closure and disposal	The Centre would close and the site be sold for alternative uses.

OPERATOR SOFT MARKET TESTING

As options A and B are based on the retendering of the management contract for the Centre, the deliverability of them is dependent on interest from the leisure operator market. Therefore, a soft market testing exercise was undertaken to ascertain the level of interest in these two options.

The process involved the drafting of an information document which set out the background to the opportunity and the local market and what the Council was seeking, including a proposed risk transfer matrix for the contract (i.e. the apportionment of risk and responsibility between the Council and operator). Following this, as series of questions were set out, which interested operators were asked to respond to. They were as follows:

- Would you be interested in bidding for the contract to manage Meadowside Leisure Centre from 2021? If not, please can you explain your reasoning?
- If you have answered ‘yes’ to Q1, please confirm which of options A and B would be your preference. If you would be interested in managing the Centre under one of the options but not the other, please state this clearly in your response and why.
- What is your view on the headline risk matrix set out in the document?[3]
- If you are interested in providing investment to improve the Centre (option B), please provide a brief explanation of the type of investment you would consider appropriate
- Based on detail set out in this document and the fact that there would be minimal (if any) protected usage, please provide an indication of the likely management fee that you believe could be achieved?

Interested operators were given ten days to respond to the soft market testing exercise. The operators approached were the seven largest and included a mixture of commercial organisations and leisure trusts. They were as follows:

- Places Leisure (the Council’s incumbent operator)
- Everyone Active (operator of the new Winchester Sport and Leisure Centre from January 2021 and also in the neighbouring district of Fareham)
- Parkwood
- Serco
- Freedom Leisure
- Fusion
- GLL.

Responses were received from **Places Leisure**, **Everyone Active** and **Serco**. GLL and Freedom confirmed that it would not be of interest to them and no responses were received from Parkwood and Fusion.

The three positive responses are summarised in Table 4.

A copy of the soft market testing information document can be found in Appendix B.

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[3] See Appendix B for details.

Section 5: Operator Soft Market Testing

Table 4: Soft Market Testing Responses

No.	Question	Places Leisure	Everyone Active	Serco
1	Would you be interested in bidding for the contract to manage Meadowside Leisure Centre from 2021? If not, please can you explain your reasoning?	Possibly interested. Places are very concerned about increasing fitness competition in the local market. The membership numbers have already reduced following the opening of Holly Hill and a Pure Gym nearby.	Yes, Everyone Active is very interested in the opportunity.	Serco would be extremely interested in bidding for the opportunity to manage the Centre from 2021.
2	If you have answered 'yes' to Q1, please confirm which of options A and B set out on page 8 would be your preference. If you would be interested in managing the Centre under one of the options but not the other, please state this clearly in your response and why.	Places would only be interested in a 5-year option (option A); however, even with this there is uncertainty given a recent planning application submitted for another gym on the business park. In addition, they are aware that British Land is looking to relocate the Rock Up facility and create a big budget gym in the shopping centre. This would clearly have an adverse impact on the financial viability of the centre.	Everyone Active is interested in either option; however, they have a much stronger interest in the 15-year option (i.e. option B). contract option.	Serco's preference would be tender on the basis of the 10-15-year option (i.e. option B). They would also tender based on option A (i.e. 5 years); however, option B would enable them to invest in the facilities and significantly improve the offer.
3	What is your view on the headline risk matrix set out in the document?	With the above in mind, Places would require the full benchmarking (net income, utilities and competing facility) in the contract. Without this, the opportunity would be too high a risk for them.	The matrix presents a fair balance of risk.	Serco's view is that the risk matrix represents a fair and balanced split between the Council and the operator.

Section 5: Operator Soft Market Testing

No.	Question	Places Leisure	Everyone Active	Serco
4	If you are interested in providing investment to improve the Centre (option B), please provide a brief explanation of the type of investment you would consider appropriate	No. The land immediately outside of the building is owned by the town council and, therefore, there is uncertainty over the scope to extend outside of the existing footprint. Given the length of contract Places would be interested in, it would be difficult to generate a return from any investment.	Whilst Everyone Active has not had the opportunity for a detailed site visit and assessment of plans, they consider that an investment to enhance the health and fitness offer would be most appropriate. They would consider funding the investment, or seek prudential borrowing funding from the Council, which would be paid back via the management fee. The level of investment could be in the region of £500,000-£750,000.	Having not has the opportunity to visit the Centre as of yet, it is difficult to ascertain what investment they would look to carry out. Given the location of the centre and the competition indicated within the document, it would be sensible to improve the health and fitness offering in order to improve the commercial performance of the Centre but to also defend against new entrants entering the market in the future.
5	Based on detail set out in this document and the fact that there would be minimal (if any) protected usage, please provide an indication of the likely management fee that you believe could be achieved? (This can be in the form of a broad range e.g. £0-£100,000. You do not need to provide business plan to support your response.)	A payment of circa £50,000 to £75,000 per annum from Council to operator.	A payment of circa £50,000 per annum from operator to Council. A payment of circa £50,000 per annum from operator to Council. **This would be predicated on investment being made in the health and fitness offer as described in Q4 above.**	Based on the information provided, Serco believes a sensible aspiration for the Council would be a neutral management fee as a minimum. However, with access to more detailed financial information, they would be able to provide a clearer view.
6	Do you have any other comments or questions regarding the opportunity?	Places might consider an option to manage the Centre on an open book basis with a guaranteed fee payable to them.	In order to offer a more robust response, Everyone Active would welcome the opportunity to: - visit the site with their design and construction team - have sight of facility plans - have sight of historical financial performance of the Centre.	Serco would welcome the opportunity to visit the Centre and look forward to engaging in a competitive tender process should the Council progress with this option.

Section 5: Operator Soft Market Testing

As can be seen from the results of the soft market testing exercise, three operators have expressed an interest in the opportunity. Of them, all three would be interested in the shorter-term contract (option A) and two of them would be interested in the longer-term contract (option B) as well. Of these two, they have both stated that **option B** would be their preference. In this option, they would also be interested in the opportunity to invest in the Centre and improve the health and fitness offer.

FINANCIAL ANALYSIS

This section covers the financial analysis of the options. The outputs will be considered alongside the non-financial analysis to follow in Section 7. In order to complete the assessment, the financial implications of each option were assessed with each being informed by a range of assumptions, which are set out in the following paragraphs.

General Assumptions

- The analysis is based over a 25-year period
- The first year of the analysis is 2020-21 (financial year)
- Annual inflation has been included at 2%
- A Net Present Value (NPV) of each option has been completed based on a discount rate of 3.5%.

Assumptions for Option A

- This option assumes a 5-year contract for the Centre will be competitively tendered in the 2020-21 financial year in advance of it commencing in January 2021
- The new management fee for the Centre from January 2021 has been based on the average of the three soft market testing responses received (for option A)
- For the 2020-21 year, the value of the management has been assumed to be 25% of the full amount as the contract will only be operational for three months of the year (i.e. January, February and March)
- The total condition survey costs for the Centre have been based on the report by Hollis dated 4 October 2019
- It has been assumed that the condition survey costs would be met by the Council from existing budgets and be spent in the 2020-21 year
- It has been assumed that the floor strengthening costs of £30,000 (figure provided by the Council) would be met by the Council from existing budgets and be spent in the 2020-21 year
- The existing management fee for the Centre has been assumed to be £14,701, which is the average of the 2016-17, 2017-18 and 2018-19 financial years. It has been assumed that this budget would be retained for the project
- A cost of £60,000 for retendering the management contract has been included in the 2020-21 year. This would cover consultancy and legal advice and officer time
- It has been assumed that the Centre would close at the end of the 2025-26 year
- There would be no demolition costs as the Centre would be offered for vacant possession. However, an allowance of £60,000 has been included for securing the site after closure and for agency and legal fees in relation to a sale
- The valuation of the site has been based on the Savills report (November 2019) and has been assumed to be £600,000. This valuation has been made on the basis that the leisure centre operation has ceased and there are no restrictive covenants on the site. It also allows for a delay for planning permission to change the site use and receive a full permission. It also excludes the small-sided football pitches as they are currently designated for open space.

Assumptions for Option B

- This option assumes a 15-year contract for the Centre will be competitively tendered in the 2020-21 financial year in advance of it commencing in January 2021
- The new management fee for the Centre from January 2021 has been based on the Council achieving a £50,000 management fee payment to them following investment of £625,000 in expanding the health and fitness provision. This is based on the soft market testing response received from Everyone Active expressing an interest in option B
- For the 2020-21 year, the value of the management has been assumed to be 25% of the full amount as the contract will only be operational for three months of the year (i.e. January, February and March)
- The total condition survey costs for the Centre have been based on the report by Hollis dated 4 October 2019
- It has been assumed that the condition survey costs would be met by the Council from existing budgets and be spent in the 2020-21 year
- It has been assumed that the floor strengthening costs of £30,000 (figure provided by the Council) would be met by the Council from existing budgets and be spent in the 2020-21 year
- The existing management fee for the Centre has been assumed to be £14,701, which is the average of the 2016-17, 2017-18 and 2018-19 financial years. It has been assumed that this budget would be retained for the project
- A cost of £60,000 for retendering the management contract has been included in the 2020-21 year. This would cover consultancy and legal advice and officer time
- It has been assumed that there would be a further cost for retendering the contract again at the end of the 15-year period. It has been assumed that this would be in the 2035-36 financial year and the cost would be £81,000 (which is based on the £60,000 for the initial retendering inflated to that year).

Assumptions for Option C

- This option assumes the responsibility for managing the Centre would pass to the town council from January 2021
- The ongoing cost to the Council of the Centre would be nil as all responsibility would pass to the town Council
- The total condition survey costs for the Centre have been based on the report by Hollis dated 4 October 2019
- It has been assumed that the condition survey costs would be met by the Council from existing budgets and be spent in the 2020-21 year
- It has been assumed that the floor strengthening costs of £30,000 (figure provided by the Council) would be met by the Council from existing budgets and be spent in the 2020-21 year
- The existing management fee for the Centre has been assumed to be £14,701, which is the average of the 2016-17, 2017-18 and 2018-19 financial years. It has been assumed that this budget would be retained for the project
- A cost of £30,000 for agreeing the lease/management agreement with the town council has been included in the 2020-21 year. This would cover consultancy and legal advice and officer time.

Assumptions for Option D

- This option assumes the Centre would close on expiry of the existing management contract is January 2021

  There would be no demolition costs as the Centre would be offered for vacant possession.However, an allowance of £60,000 has been included for securing the site after closure and for agency and legal fees in relation to a sale
- The valuation of the site has been assumed to be £600,000 as per option A..

Summary of the Financial Analysis

A summary of the financial implications of each option based on these assumptions is set out in Table 5. Further detail can be found in Appendix C. In addition, the following sensitivity scenarios have also been presented:

- +0.50% variation in the model’s assumed interest rate

- -0.50% variation in the model’s assumed interest rate.

The analysis shows that in financial terms only, option D (i.e. the closure of the site in January 2021) is the most advantageous option to the Council. This is followed by option B (i.e. the 15-year management contract with the possibility of investment from an operator). However, the results of this analysis need to be set alongside the non-financial implications explored in the next section.

Table 5: Summary of the Financial Analysis

PROJECT SUMMARY	Option A: 5-year management contract, then closure		Option B: 15-year management contract		Option C: Management Passed to Town Council		Option D: Closure and Sale of Site	
	Capital	*Revenue*	*Capital*	*Revenue*	*Capital*	*Revenue*	*Capital*	*Revenue*
Capital cost	£0		(£625,000)		£0		£0	
Partner funding	£0		£0		£0		£0	
Deficit to be funded by Prudential Borrowing	**£0**		**(£625,000)**		**£0**		**£0**	
25-year average borrowing costs		£0		(£37,103)		£0		£0
25-year average management fee (indexed)		(£12,512)		£62,561		£0		£0
25-year average other revenue implications		£30,873		£3,845		£8,275		£42,835
25-year average net annual cost (inc financing costs)		**£18,361**		**£29,303**		**£8,275**		**£42,835**
25-year total cost (including financing costs)		£459,020		£732,571		£206,877		£1,070,877
NPV (28 years)		£315,392		£1,064,613		£61,874		£900,709

SCENARIO	DETAIL	Option A: 5-year management contract, then closure	Option B: 15-year management contract	Option C: Management Passed to Town Council	Option D: Closure and Sale of Site
VARIATIONS IN BORROWING RATES					
	+0.50% variation in interest rate	**£18,361**	**£27,239**	**£8,275**	**£42,835**
	impact compared to base scenario	£0	(£2,063)	£0	£0
	-0.50% variation in interest rate	**£18,361**	**£31,308**	**£8,275**	**£42,835**
	impact compared to base scenario	£0	£2,005	£0	£0
VARIATIONS IN ASSUMED INFLATION RATE					
	+0.50% variation in inflation rate	**£17,190**	**£66,068**	**£9,526**	**£44,086**
	impact compared to base scenario	(£1,171)	£36,765	£1,251	£1,251
	-0.50% variation in inflation rate	**£19,880**	**£30,220**	**£7,118**	**£41,678**
	impact compared to base scenario	£1,519	£917	(£1,157)	(£1,157)

NON-FINANCIAL ANALYSIS

In this section, an evaluation of the non-financial implication of each of the option is considered. Bringing this together with the results of the financial analysis in Section 6 allows a more objective assessment of which option is the most suitable for the Council.

The analysis has been based on the following criteria (with each being give equal weighting):

1. Meeting local need
2. Impact on sport and leisure participation
3. Impact on the Town Council
4. Environmental Impact
5. Interest from the market
6. Timescales/complexity of implementation
7. Risks.

Each option has been scored against each criterion on a scale of 0 (does not meet at all) to 5 (strongly meets). The results are set out in Table 6.

Overall, the analysis shows that Option B is the most appropriate option. It is relatively low risk and continues to deliver a sport and leisure facility in the south of the district, thus meeting the local need. There is also the potential for investment from the operator. Although it requires the retendering of the management contract for the Centre, this is a relatively straightforward process; however, there is always the possible risk of interest from the market not being sustained once a the full detail of the opportunity is presented to them as part of a formal process and they have had time to undertake full due diligence. To mitigate this, it would be important to ensure that the opportunity represents a balanced approach to the sharing of risk between the two parties. Further information on the proposed allocation of risk can be found in the soft market testing responses in Section 4 and the soft market testing document in Appendix B.

At the other end of the scale, option D (closure of the site) delivers the lowest non-financial score. While it is the least complex of the options, it would mean that there would be no Council facility serving the south of the district. While some of the unmet demand would inevitably be met by facilities in neighbouring boroughs and private sector facilities, it is unlikely that this would serve the full range of user displaced by the loss of the Centre. In addition, it would leave the town Council needing to find new accommodation in the short-term.

Table 6: Summary of the Non-Financial Analysis

No	Criterion	Option A	Option B	Option C	Option D
		5-year management contract, then closure	15-year management contract	Management Passed to Town Council	Closure and Sale of Site
1	**Meeting local need**	3	5	3	0
		The Centre will continue to operate for a 5-year period during which time it will serve the local community. Thereafter, it will cease to do so, although the loss of the sports hall will be compensated by the new facility in North Whiteley. Based on the Latent Demand Report, there will be an unmet demand for health and fitness facilities, albeit within an area where there is a lot of competition.	The Centre will continue to operate for a 15-year (and potentially longer) period, so will be continuing to meet local need. In addition, the results of the soft market testing suggest that there is some interest from the market in investing in the Centre, thus improving the offer to the local community.	The Centre will continue to operate in its current form into the medium- and long-term. However, the town council is not an experience leisure facility manager, so the scope for further investment in and improvement to the facility is likely to be limited.	The closure of the Centre in 2021 would inevitably mean that the need of the local community would not be met.
2	**Impact on sport and leisure participation**	2	5	4	0
		Given that the Centre would only continue to operate for 5 years, there would be an inevitable negative impact on sport and leisure participation in the south of the district in the medium term.	Given the longer-term nature of this arrangement (and the certainty it would bring) along with the potential investment, this option should have the strongest positive impact on sport and leisure participation in the south of the district.	Given the longer-term nature of this arrangement (and the certainty it would bring) along with the potential investment, this option should have a positive impact on sport and leisure participation in the south of the district. However, the fact that the town council is not an experienced operator of leisure facilities means that this impact would inevitably be less than for option B.	The closure of the Centre in 2021 would inevitably mean that there would be a negative impact on sport and leisure participation in the south of the district in the short and longer term.
3	**Impact on the Town Council**	3	4	3	0
		The town council's space in the Centre would be protected under the new contract. However, it would be a short-term measure and after the expiry of the contract and the closure of the Centre, new accommodation for them would have to be found.	The town council's space in the Centre would be protected under the new contract. However, it is possible that future investment proposals could impinge on this.	While the town council would have complete control over the facility, the additional management and financial responsibilities on them would be significant.	This option would leave the town council needing to find new accommodation in the short-term.

No	Criterion	Option A	Option B	Option C	Option D
		5-year management contract, then closure	15-year management contract	Management Passed to Town Council	Closure and Sale of Site
4	**Environmental Impact**	3	2	2	3
		Leisure facilities have relatively high energy requirements (as well as the impact of cars travelling to and from it), so maintaining the Centre is likely to have a continuing impact on the environment. This could be mitigated to some extent by investing in the plant and M&E; however, there would be a significant cost to this and given the short-term nature of the operation in this option would not be financially worthwhile.	Leisure facilities have relatively high energy requirements (as well as the impact of cars travelling to and from it), so maintaining the Centre is likely to have a continuing impact on the environment. This could be mitigated to some extent by investing in the plant and M&E; however, there would be a significant cost to this.	Leisure facilities have relatively high energy requirements (as well as the impact of cars travelling to and from it), so maintaining the Centre is likely to have a continuing impact on the environment. This could be mitigated to some extent by investing in the plant and M&E; however, there would be a significant cost to this.	Notwithstanding what the site is used for following its sale, the closure of the Centre may bring environmental benefit.
5	**Interest from the market**	4	3	3	4
		The soft market testing exercise has indicated that three operators would be interested in this option.	The soft market testing exercise has indicated that two operators would be interested in this option.	This option is not dependent on interest from the market. The town council has expressed an interest in managing the Centre, although the exact terms of this arrangement would need to be discussed in detail and agreed.	This option is not dependent on interest from the market (other than in the future sale of the site).
6	**Timescales/ complexity of implementation**	4	4	3	5
		Should be a relatively simple option involving the tendering of a short leisure management contract followed by closure of the Centre at the end of that period. The timescale for delivery should be circa 6-8 months, made up of 1-2 month to draft the tender documentation, 2-3 months for the tender period and 1-2 months for tender evaluation, contract finalisation and appointment.	Should be a relatively simple option involving the tendering of a 15-year leisure management contract followed by a further tendering when that contract expires. The timescale for delivery should be circa 9 months, made up of 2 months to draft the tender documentation, 3-4 months for the tender period and 3 months for tender evaluation, contract finalisation and appointment.	Negotiations with the town council over the future management arrangement are likely to be more complex than a contract tendering given that they are not an experience facility operator. The timescale for delivery is harder to predict as it will depend on the complexity of the negotiations; however, it could be in the region of 6 months.	Should be the simplest option as it involves the closure of the Centre and disposal of the site. The timescales for delivery should be fairly short (3-4 months), covering closing the existing Centre following contract expiry and securing the site and then marketing the sale opportunity.

Section 7: Non-Financial Analysis

No	Criterion	Option A	Option B	Option C	Option D
		5-year management contract, then closure	15-year management contract	Management Passed to Town Council	Closure and Sale of Site
7	**Risks**	4	3	2	4
		Should be a relatively low risk option as it involves the tendering of the short leisure management contract on broadly the same terms as now followed by closure of the Centre at the end of that period. There is a risk of the interest from the market not being maintained once a formal process is commenced and the full details of the opportunity are available to them. To mitigate this, it will be important to pitch the opportunity based on a balanced sharing of risk between both sides, picking up on the information set out in the soft market testing document and that provided in the responses.	Should be a relatively low risk option as it involves the tendering of a leisure management contract on broadly the same terms. The main area of complexity will be around any discussions on investment in the Centre by the operator. There is a risk of the interest from the market not being maintained once a formal process is commenced and the full details of the opportunity are available to them. To mitigate this, it will be important to pitch the opportunity based on a balanced sharing of risk between both sides, picking up on the information set out in the soft market testing document and that provided in the responses.	Given that the town council is not an experienced operator of leisure facilities, the longer-term risk of this option will be greater, with the potential for future unseen issues and/or costs arising that the Council would have to step in to address.	Should be the lowest risk option as it involves the closure of the Centre and disposal of the site. The main risk is around finding a purchaser for the site.
	Total score	23.00	26.00	20.00	16.00
	Rank	2	1	3	4

OVERALL ANALYSIS

This section summarises the **financial** and **non-financial** analysis to show on balance which option emerges as the most beneficial for the Council. The overall scores for each option are based on the information presented in Sections 6 and 7 and have been reached as follows:

- **Financial:** scores based on the 25-year net annual cost to the Council for each option (see Table 5) with the most financially advantageous scoring 5 and the other options' scores being based on proportionately how close they are to it

- **Non-financial**: scores based on the overall score for each option (see Table 6) out of the total possible score[4] adjusted to a scale of 0 to 5.

The summary is presented in Table 7.

Table 7: Summary of the Financial and Non-Financial Analysis

Option		Financial score	Non-financial score	Overall score	Rank
A	5-year management contract, then closure	2.1	3.3	**3.4**	**4**
B	15-year management contract	3.6	3.7	**7.3**	**1=**
C	Management passed to town council	1.0	2.9	**3.93**	**3**
D	Closure and sale of site	5.0	2.3	**7.3**	**1=**

The analysis in Table 7 identifies **option** B and **option D** as the most appropriate ones for the Council. However, it should be emphasised that option B is the more balanced of the two across the financial and non-financial analysis. Option D, while it scores strongly in terms of financial considerations (largely because the closure of the Centre in the short-term means that there is no long-term financial cost to the Council), on the non-financial side it is the weakest of the options and is very weak in terms of the extent to which it meets local need. In short, it is a relatively simple option; however, the long-term impact on the local community will be greater than in any of the other options.

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[4] The maximum possible score was 35 (i.e. seven criteria with a maximum score of 5 for each).

CONCLUSIONS

The Council is considering four options for the future Meadowside Leisure Centre in Whiteley. They are as follows:

- Option A: 5-year management contract from January 2021 with closure of the Centre on expiry
- Option B: 10-15-year management contract from January 2021
- Option C: management of Centre passed to the town council from January 2021
- Option D: closure of the Centre and disposal of the site.

The Centre is located in Whiteley in the south of the District. The catchment area for the Centre is relatively affluent; however, it is also one where there is considerable competition for health and fitness facilities, both within the immediate 2-mile area and further afield. Notwithstanding this, a Latent Demand Report for the catchment was commissioned and this showed that there was a latent demand for fitness memberships at the Centre of circa 840. This is the total number of members that could potentially be achieved if the fitness offering was expanded.

To inform the analysis of the options, a soft market testing exercise was undertaken with the seven major local authority leisure operators. A short information document was drafted that set out the potential opportunities for them (options A and B) as well as the results of the Latent Demand Report. It included a series of questions for interested operators to respond to.

Operators were given a relatively tight period of ten days to provide a response and three positive ones were received (from Places Leisure, Everyone Active and Serco). Of the other four, two operators said that the opportunity would not be of interest to them and two did not respond.

Of the three that responsed positively, two indicated that they would be interested in option A and option B, with a preference in both cases for option B. They also indicated that they would be interested in considering in further detail the option of investing in improving the facilities on offer. The other respondent stated that they would only be interested in option A.

With the results of the soft market testing as well as information on required condition survey investment in the Centre, investment required to strengthen the first floor and the value of the site (in the case of site disposal), a **financial** analysis of the options was undertaken (and based on a range of assumptions). This is set out in Section 6. The outcome was that the four options were ranked in the following order:

1. Option B
2. Option D
3. Option C
4. Option A.

Following this, the options were then evaluated on a **non-financial** basis using the following criteria:

1. Meeting local need
2. Impact on sport and leisure participation
3. Impact on the Town Council
4. Environmental Impact
5. Interest from the market
6. Timescales/complexity of implementation

7. Risks.

This is set out in Section 7. The outcome was that the four options were ranked in the following order:

1. Option B
2. Option A
3. Option C
4. Option D.

Bringing these two sections of analysis together, the overall scoring of the options is set out in Table 8.

Table 8: Summary of the Financial and Non-Financial Analysis

Option		Financial score	Non-financial score	Overall score	Rank
A	5-year management contract, then closure	2.1	3.3	3.4	4
B	15-year management contract	3.6	3.7	7.3	1=
C	Management passed to town council	1.0	2.9	3.93	3
D	Closure and sale of site	5.0	2.3	7.3	1=

The analysis identifies option B and option D as the most appropriate ones for the Council. However, it should be emphasised that option B is the more balanced of the two across the financial and non-financial analysis. Option D, while it scores strongly in terms of financial considerations (largely because the closure of the Centre in the short-term means that there is no long-term financial cost to the Council), on the non-financial side it is the weakest of the options and is very weak in terms of the extent to which it meets local need.

Next Steps

Therefore, in our view, option B is the most appropriate one for the future of the Centre. However, this is in part based on the feedback from the leisure operator market following a relatively short soft market testing exercise. Whichever option the Council chooses to follow will inevitably require further detailed work to take it forward. If option B is that preferred route, it would be important to start engaging with the market through a more formal process relatively quickly to ensure that it can be delivered by the time the current management contract for the Centre expires in January 2021, hence ensuring continuity of service there. Both of the parties that expressed an interest in this option highlighted in their interest in engaging with the Council further to develop more detailed proposals.

APPENDIX A: LATENT DEMAND REPORT

Meadowside Leisure Centre

population (15+)	catchment	latent demand
22,934	2 mile radius	840

dominant mosaic group

29%

G **Domestic Success**
Thriving families who are busy bringing up children and following careers

Key Features
- Families with children
- Upmarket suburban homes
- Owned with a mortgage
- 3 or 4 bedrooms
- High Internet use
- Own new technology

Who We Are

Age 36-45 41.6% 231	Household Income £70k-£99k 21.5% 332
Household composition Family 47.3% 191	Number of children 2 children 24.0% 261
Tenure Owned 92.6% 144	Property type Detached 39.0% 219

dominant mosaic type

17%

H33 **Contemporary Starts**
Fashion-conscious young singles and partners setting up home in developments attractive to their peers

Key Features
- Cohabiting couples and singles
- Late 20s and 30s, some have young kids
- Modern housing, owned or rented
- Further away from centres
- Use eBay
- Use online banking

Who We Are

Age 26-35 54.1% 306	Household Income £30k-£39k 23.2% 146
Household composition Single 44.4% 117	Number of children No children 81.7% 114
Tenure Rented 36.0% 209	Property type Terraced 37.2% 137

key competitors

- Anytime Fitness
- Holly Hill Leisure Centre
- Skylark Golf & Country Club
- Solent Hotel & Spa

number of gyms in the catchment **4**

LeisureDB

Meadowside Leisure Centre (Whiteley)

Assessment of Latent Demand for Fitness

We have set out to assess the latent demand for fitness at Meadowside Leisure Centre in Whiteley. The centre is managed by Places Leisure on behalf of the council. Current facilities include a c. 28-station gym, sports hall, studios and outdoor facilities. There are approx. 600 members.

We understand there are potential plans to enlarge the gym at Meadowside (c. 50 to 60 stations) and we have factored this into our latent demand estimate.

In estimating the latent demand for fitness, we have concentrated on a 2-mile radius around the site and factored in the number & types of people living in the area, plus competing fitness gyms. This 2-mile catchment area is shown on the competition map.

Catchment Area & Demographics

Meadowside Leisure Centre is located next to the Whiteley Shopping Centre. The M27 motorway is less than a mile away to the south (as the crow flies) and the River Hamble around 2-miles to the west.

Population numbers in the immediate area are low due to the areas of green space to the north and east of Whiteley. Just 8.5k people live within a 1-mile radius and this then rises to almost 29k in 2-miles. The latter is what we have concentrated on as the core catchment area around the centre. We believe most members will come from this area, but we have, as always, made allowance for those people who will travel from outside the catchment area. As mentioned, this area is home to 29k people and of these, ***22,934*** are adults aged 15+.

The 2-mile catchment reaches the River Hamble to the west and the outskirts of Fareham to the east. To the south it reaches the edge of Titchfield.

In terms of demographics, two of the affluent Mosaic groups really stand out: G (Domestic Success – 29%) and B (Prestige Positions – 25%). Together they account for over half of the catchment population (54%).

Those in Domestic Success tend to be high-earning families, typically headed by couples in their 30s and 40s, many of whom have school age children. They live affluent lifestyles in upmarket homes and their busy lives revolve around their children and successful careers in higher managerial and professional roles. The proportion of group G households is over three times higher than the national average. A montage of this dominant group is shown on the summary page.

The largest share falls into type G28 (Modern Parents); it accounts for over 14% of locals and these tend to be married couples with young children. They tend to be in their 30s and 40s.

Good numbers also fall into G27 (Thriving Independence – 8.3%) and G29 (Mid-Career Convention – 5.5%). Type G29 are similar to G28 above (families with children), but with slightly lower household incomes. Thriving Independence however, are slightly different from the other group G types in that many are singles in their 30s and 40s, mostly with no dependent children.

G28 Modern Parents

Busy couples in modern detached homes juggling the demands of school-age children and careers

Key Features

- Families with school age children
- Modern housing
- Good quality detached homes
- Double income families
- Own tablets
- Search using online aggregators

Who We Are

Age	36-45	39.7%	221
Household Income	£70k-£99k	26.1%	403
Household composition	Family	47.7%	192
Number of children	2 children	27.3%	297
Tenure	Owned	95.5%	148
Property type	Detached	84.3%	474

G27 Thriving Independence

Well-qualified older singles with incomes from successful professional careers in good quality housing

Key Features

- Singles and cohabitees 36+
- Family neighbourhoods
- Middle managers
- Large outstanding mortgage
- Comfortable income
- Moderate use of Internet

Who We Are

Age	36-45	30.0%	166
Household Income	£40k-£49k	21.0%	169
Household composition	Single	52.7%	139
Number of children	No children	98.4%	137
Tenure	Owned	85.0%	132
Property type	Semi-detached	37.1%	140

Prestige Positions are some of the most affluent people in society, consisting of well-educated couples with successful careers in senior and managerial positions. Most will be in their mid-40s to mid-60s and they live in spacious homes. In this catchment, the proportion of those in group B is almost 3.5 times higher than the national average.

These are largely split across three types; each account for over 7% of the catchment population. Those in type B07 tend to be younger and more affluent than those in B08 & B09.

Type B07 (Alpha Families) are typically high-achieving married couples in their 40s with younger school-age children.

Type B08 (Bank of Mum and Dad) tend to be well-off married couples slightly older than Alpha Families above whose children, generally aged 18 to 25, are still enjoying the comfort of their childhood home.

Type B09 (Empty-Nest Adventure) are older still, consisting of couples, mostly 56+, living in large detached homes. With their children now having left home, they enjoy a very comfortable standard of living.

B Prestige Positions

Established families in large detached homes living upmarket lifestyles

Key Features

- High value detached homes
- Married couples
- Managerial and senior positions
- Supporting students and older children
- High assets and investments
- Online shopping and banking

Who We Are

Age	56-65	25.7%	177
Household Income	£100k-£149k	15.5%	512
Household composition	Family	44.6%	180
Number of children	1 child	12.0%	97
Tenure	Owned	96.1%	149
Property type	Detached	74.2%	417

B07 Alpha Families

High-achieving families living fast-track lives, advancing careers, finances and their school-age kids' development

Key Features

- Married couples
- Two professional careers
- School age children
- High salaries, large mortgage
- Online shopping to save time
- Company cars and mobiles

Who We Are

Age	36-45	43.5%	242
Household Income	£100k-£149k	32.7%	1082
Household composition	Family	57.8%	233
Number of children	1 child	23.3%	188
Tenure	Owned	94.8%	147
Property type	Detached	81.0%	455

The only other Mosaic group represented at higher than average levels is the younger group H (Aspiring Homemakers); almost a quarter of the population are classified as such (24%).

Type H33 (Contemporary Starts) makes up almost 17% of locals. These are fashion conscious younger couples and singles in their 20s and 30s setting up home in neighbourhoods attractive to themselves and their peers. Most do not yet have children and instead are focusing on building their careers. This type also includes military bases. This is the prominent type in the catchment and a montage is shown on the summary page.

Type H30 (Primary Ambitions – 4.7%) also features and these are typically aspiring young families headed by parents aged in their 30s, who have one or two children who attend local nurseries and primary schools. Both parents work and many have degrees, meaning they earn decent household incomes from jobs in lower managerial and lower professional roles.

Although at group level Mosaic group E (Senior Security) does not stand out, there is one type within it that does. Type E18 (Legacy Elders) accounts for over 3.5% of residents. As the name suggests, these are people well into retirement, with an average age of 78. Many are in good health and still live in their (now valuable) family homes. They are enjoying the financial security that comes with outright ownership and a good final salary pension.

H Aspiring Homemakers

Younger households settling down in housing priced within their means

Who We Are

Age	26-35	37.2%	210
Household Income	£40k-£49k	20.5%	165
Household composition	Pseudo family	19.6%	219
Number of children	2 children	18.3%	198
Tenure	Owned	77.2%	120
Property type	Semi-detached	41.3%	156

Key Features

- Younger households
- Full-time employment
- Private suburbs
- Affordable housing costs
- Starter salaries
- Buy and sell on eBay

E18 Legacy Elders

Time-honoured elders now mostly living alone in comfortable suburban homes on final salary pensions

Who We Are

Age	66+	90.5%	428
Household Income	£15k-£19k	17.0%	214
Household composition	Single	72.2%	191
Number of children	No children	99.2%	138
Tenure	Owned	97.4%	151
Property type	Detached	37.4%	210

Key Features

- Oldest average age of 78
- Mostly living alone
- Own comfortable homes outright
- Final salary pensions
- Low technology knowledge
- Broadsheet readers

In terms of age, the number of people aged 25-54 is higher than the national average, while all age brackets 55+ are represented at lower levels. The number of children and teenagers is also above average.

Competition

There are currently four fitness competitors within 2-miles of Meadowside Leisure Centre and two of these are within a mile (Solent Hotel & Spa and Skylark Golf & Country Club).

The closest is Solent Hotel & Spa which offers a c. 25-station gym, studio, small pool and spa. It is the most expensive club in the area with a premium price tag of over £80 per month.

Skylark Golf & Country Club offers similar facilities to Solent Hotel but has a smaller spa area and an 18-hole golf course. Membership is £45 per month. Across the two clubs there are around 1,500 members.

The other two options in the catchment are both south of the M27. Just under 2-miles away is Anytime Fitness in Locks Heath that is open 24 hours a day. The club opened in 2016 and has over 1,000 members for its 40-station gym and studio. Price point is £34.95.

Atlas Gym is a small independent club with an emphasis on functional training. It has fewer than 200 members and charges £29.99 per month. Like Anytime Fitness it is open 24/7.

Just outside the catchment to the south west is Holly Hill Leisure Centre, a SLM facility that opened in 2016. SLM also operate the principal leisure facility in Fareham (c. 3-miles away to the south west). Both have large gyms (100+ stations), pools and studios. The latter also offers a large sports hall and squash courts. Monthly membership at both is £25 and they each have large membership bases.

Also, to the south is Spirit Health Club at the Holiday Inn Hotel and the Abshot Country Club in Titchfield Common. Both clubs offer wet and dry facilities for £40 to £50 per month.

In terms of new facilities, we understand outline plans have been submitted for a mixed used development at Solent Business Park which includes a gym. There is yet to be decision on the application.

Latent Demand

We have estimated the latent demand for fitness at Meadowside Leisure Centre to be **840** – this is the total number of members we feel could be achieved if the fitness offering was expanded. This figure includes allowance for 30% of the total to come from outside the estimated catchment area. We've also made some negative consideration for competition in the area; particularly for those people living to the south west who have the Holly Hill Leisure Centre closer to home.

MOSAIC UK Profile Report *(Adults 15+)*

Target Area: 2 mile radius around Meadowside Leisure Centre, Whiteley

Base Area: England

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
Groups						
A City Prosperity (15+)	0	0.00	2,335,864	5.04	0.00	0
B Prestige Positions (15+)	5,785	25.22	3,375,056	7.28	0.17	346
C Country Living (15+)	321	1.40	2,864,103	6.18	0.01	23
D Rural Reality (15+)	79	0.34	2,650,467	5.72	0.00	6
E Senior Security (15+)	1,177	5.13	3,691,644	7.96	0.03	64
F Suburban Stability (15+)	819	3.57	2,554,145	5.51	0.03	65
G Domestic Success (15+)	6,545	28.54	3,976,234	8.58	0.16	333
H Aspiring Homemakers (15+)	5,444	23.74	4,543,978	9.80	0.12	242
I Family Basics (15+)	447	1.95	3,771,208	8.14	0.01	24
J Transient Renters (15+)	303	1.32	2,974,637	6.42	0.01	21
K Municipal Challenge (15+)	1	0.00	2,504,694	5.40	0.00	0
L Vintage Value (15+)	865	3.77	2,447,395	5.28	0.04	71
M Modest Traditions (15+)	61	0.26	1,922,471	4.15	0.00	6
N Urban Cohesion (15+)	80	0.35	2,628,380	5.67	0.00	6
O Rental Hubs (15+)	1,008	4.39	4,110,423	8.87	0.02	50
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100
	Meadowside LC - 2 miles	**Meadowside LC - 2 miles %**	**England**	**England %**	**Penetration**	**Index**
A City Prosperity (15+)						
A01 World-Class Wealth (15+)	0	0.00	312,911	0.68	0.00	0
A02 Uptown Elite (15+)	0	0.00	818,392	1.77	0.00	0
A03 Penthouse Chic (15+)	0	0.00	301,191	0.65	0.00	0
A04 Metro High-Flyers (15+)	0	0.00	903,370	1.95	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100
	Meadowside LC - 2 miles	**Meadowside LC - 2 miles %**	**England**	**England %**	**Penetration**	**Index**
B Prestige Positions (15+)						
B05 Premium Fortunes (15+)	179	0.78	520,614	1.12	0.03	70
B06 Diamond Days (15+)	341	1.49	686,959	1.48	0.05	100
B07 Alpha Families (15+)	1,675	7.30	750,413	1.62	0.22	451
B08 Bank of Mum and Dad (15+)	1,812	7.90	636,511	1.37	0.28	575
B09 Empty-Nest Adventure (15+)	1,778	7.75	780,559	1.68	0.23	460
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100
	Meadowside LC - 2 miles	**Meadowside LC - 2 miles %**	**England**	**England %**	**Penetration**	**Index**
C Country Living (15+)						
C10 Wealthy Landowners (15+)	286	1.25	919,077	1.98	0.03	63
C11 Rural Vogue (15+)	24	0.10	480,512	1.04	0.00	10
C12 Scattered Homesteads (15+)	0	0.00	525,275	1.13	0.00	0
C13 Village Retirement (15+)	11	0.05	939,239	2.03	0.00	2
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100
	Meadowside LC - 2 miles	**Meadowside LC - 2 miles %**	**England**	**England %**	**Penetration**	**Index**
D Rural Reality (15+)						
D14 Satellite Settlers (15+)	79	0.34	1,172,613	2.53	0.01	14
D15 Local Focus (15+)	0	0.00	741,893	1.60	0.00	0
D16 Outlying Seniors (15+)	0	0.00	724,654	1.56	0.00	0
D17 Far-Flung Outposts (15+)	0	0.00	11,307	0.02	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100
	Meadowside LC - 2 miles	**Meadowside LC - 2 miles %**	**England**	**England %**	**Penetration**	**Index**
E Senior Security (15+)						
E18 Legacy Elders (15+)	820	3.58	896,404	1.93	0.09	185
E19 Bungalow Haven (15+)	45	0.20	1,295,026	2.79	0.00	7
E20 Classic Grandparents (15+)	109	0.48	743,349	1.60	0.01	30
E21 Solo Retirees (15+)	202	0.88	756,865	1.63	0.03	54
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100
	Meadowside LC - 2 miles	**Meadowside LC - 2 miles %**	**England**	**England %**	**Penetration**	**Index**
F Suburban Stability (15+)						
F22 Boomerang Boarders (15+)	245	1.07	680,513	1.47	0.04	73
F23 Family Ties (15+)	136	0.59	550,720	1.19	0.02	50
F24 Fledgling Free (15+)	6	0.03	538,818	1.16	0.00	2
F25 Dependable Me (15+)	432	1.88	784,094	1.69	0.06	111
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
G Domestic Success (15+)						
G26 Cafés and Catchments (15+)	88	0.38	1,018,744	2.20	0.01	17
G27 Thriving Independence (15+)	1,913	8.34	1,246,079	2.69	0.15	310
G28 Modern Parents (15+)	3,278	14.29	737,489	1.59	0.44	898
G29 Mid-Career Convention (15+)	1,266	5.52	973,922	2.10	0.13	263
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
H Aspiring Homemakers (15+)						
H30 Primary Ambitions (15+)	1,084	4.73	1,315,420	2.84	0.08	167
H31 Affordable Fringe (15+)	0	0.00	938,922	2.03	0.00	0
H32 First-Rung Futures (15+)	179	0.78	817,851	1.76	0.02	44
H33 Contemporary Starts (15+)	3,814	16.63	1,058,078	2.28	0.36	728
H34 New Foundations (15+)	160	0.70	196,019	0.42	0.08	164
H35 Flying Solo (15+)	208	0.90	217,688	0.47	0.10	193
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
I Family Basics (15+)						
I36 Solid Economy (15+)	443	1.93	1,274,460	2.75	0.03	70
I37 Budget Generations (15+)	0	0.00	446,416	0.96	0.00	0
I38 Childcare Squeeze (15+)	0	0.00	830,072	1.79	0.00	0
I39 Families with Needs (15+)	3	0.02	1,220,260	2.63	0.00	1
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
J Transient Renters (15+)						
J40 Make Do and Move On (15+)	0	0.00	589,122	1.27	0.00	0
J41 Disconnected Youth (15+)	0	0.00	206,241	0.44	0.00	0
J42 Midlife Stopgap (15+)	303	1.32	1,046,129	2.26	0.03	59
J43 Renting a Room (15+)	0	0.00	1,133,145	2.44	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
K Municipal Challenge (15+)						
K44 Inner City Stalwarts (15+)	0	0.00	420,061	0.91	0.00	0
K45 Crowded Kaleidoscope (15+)	0	0.00	658,816	1.42	0.00	0
K46 High Rise Residents (15+)	0	0.00	147,465	0.32	0.00	0
K47 Streetwise Singles (15+)	1	0.00	471,108	1.02	0.00	0
K48 Low Income Workers (15+)	0	0.00	807,244	1.74	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
L Vintage Value (15+)						
L49 Dependent Greys (15+)	0	0.00	395,550	0.85	0.00	0
L50 Pocket Pensions (15+)	314	1.37	614,381	1.33	0.05	103
L51 Aided Elderly (15+)	309	1.35	510,966	1.10	0.06	122
L52 Estate Veterans (15+)	242	1.06	503,602	1.09	0.05	97
L53 Seasoned Survivors (15+)	0	0.00	422,896	0.91	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
M Modest Traditions (15+)						
M54 Down-to-Earth Owners (15+)	0	0.00	422,650	0.91	0.00	0
M55 Offspring Overspill (15+)	61	0.26	756,384	1.63	0.01	16
M56 Self Supporters (15+)	0	0.00	743,437	1.60	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
N Urban Cohesion (15+)						
N57 Community Elders (15+)	0	0.00	683,607	1.47	0.00	0
N58 Cultural Comfort (15+)	0	0.00	850,752	1.84	0.00	0
N59 Asian Heritage (15+)	0	0.00	590,335	1.27	0.00	0
N60 Ageing Access (15+)	80	0.35	503,686	1.09	0.02	32
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

	Meadowside LC - 2 miles	Meadowside LC - 2 miles %	England	England %	Penetration	Index
O Rental Hubs (15+)						
O61 Career Builders (15+)	661	2.88	810,277	1.75	0.08	165
O62 Central Pulse (15+)	0	0.00	547,431	1.18	0.00	0
O63 Flexible Workforce (15+)	0	0.00	918,521	1.98	0.00	0
O64 Bus-Route Renters (15+)	346	1.51	793,037	1.71	0.04	88
O65 Learners and Earners (15+)	0	0.00	481,007	1.04	0.00	0
O66 Student Scene (15+)	0	0.00	560,150	1.21	0.00	0
Adults 15+ estimate 2018	22,934	100.00	46,352,417	100.00	0.05	100

ESTIMATE OF LATENT DEMAND FOR HEALTH & FITNESS
MEADOWSIDE LEISURE CENTRE, WHITELEY - 2 mile radius

MOSAIC UK Type	Total Adult Population *(15+)*	Total Health & Fitness Demand
A01 World-Class Wealth	0	0
A02 Uptown Elite	0	0
A03 Penthouse Chic	0	0
A04 Metro High-Flyers	0	0
B05 Premium Fortunes	179	3
B06 Diamond Days	341	8
B07 Alpha Families	1,675	57
B08 Bank of Mum and Dad	1,812	82
B09 Empty-Nest Adventure	1,778	54
C10 Wealthy Landowners	286	9
C11 Rural Vogue	24	1
C12 Scattered Homesteads	0	0
C13 Village Retirement	11	0
D14 Satellite Settlers	79	2
D15 Local Focus	0	0
D16 Outlying Seniors	0	0
D17 Far-Flung Outposts	0	0
E18 Legacy Elders	820	22
E19 Bungalow Haven	45	1
E20 Classic Grandparents	109	3
E21 Solo Retirees	202	5
F22 Boomerang Boarders	245	8
F23 Family Ties	136	6
F24 Fledgling Free	6	0
F25 Dependable Me	432	15
G26 Cafés and Catchments	88	2
G27 Thriving Independence	1,913	58
G28 Modern Parents	3,278	182
G29 Mid-Career Convention	1,266	46
H30 Primary Ambitions	1,084	34
H31 Affordable Fringe	0	0
H32 First-Rung Futures	179	5
H33 Contemporary Starts	3,814	143
H34 New Foundations	160	5
H35 Flying Solo	208	6
I36 Solid Economy	443	9
I37 Budget Generations	0	0
I38 Childcare Squeeze	0	0
I39 Families with Needs	3	0
J40 Make Do and Move On	0	0
J41 Disconnected Youth	0	0
J42 Midlife Stopgap	303	8
J43 Renting a Room	0	0
K44 Inner City Stalwarts	0	0
K45 Crowded Kaleidoscope	0	0
K46 High Rise Residents	0	0
K47 Streetwise Singles	1	0
K48 Low Income Workers	0	0
L49 Dependent Greys	0	0
L50 Pocket Pensions	314	2
L51 Aided Elderly	309	3
L52 Estate Veterans	242	4
L53 Seasoned Survivors	0	0
M54 Down-to-Earth Owners	0	0
M55 Offspring Overspill	61	1
M56 Self Supporters	0	0
N57 Community Elders	0	0
N58 Cultural Comfort	0	0
N59 Asian Heritage	0	0
N60 Ageing Access	80	1
O61 Career Builders	661	10
O62 Central Pulse	0	0
O63 Flexible Workforce	0	0
O64 Bus-Route Renters	346	7
O65 Learners and Earners	0	0
O66 Student Scene	0	0
Sub Total	**22,934**	**802**
Add consideration for 30% of members from outside catchment		*344*
Minus consideration for competition / decay on catchment fringes		*-250*
Estimate of Total Demand for Health & Fitness		**896**
Minus current membership number (approx.)		*-450*
Estimate of Latent Demand for Health & Fitness		**446**

Prepared for The Sports Consultancy, September 2019

APPENDIX B: SOFT MARKET TESTING DOCUMENT

COMMERCIALLY SENSITIVE AND CONFIDENTIAL

Winchester City Council

Meadowside Leisure Centre

Operator Soft Market Testing Project Briefing Document

16 October 2019

Contents

CONTENTS

INTRODUCTION

Winchester City Council (the Council) is considering options for the future of Meadowside Leisure Centre (the Centre) in Whiteley and as part of this, they wish to engage with the leisure operator market to understand the level of interest in managing the Centre when the current contract ends in January 2021. This document provides background information on the opportunity and a short series of questions on which the Council is seeking feedback.

The Centre

The Centre was originally built in 2000 and extended in 2010-11. It includes the following:

- 3-court sports hall
- 37-station health and fitness gym
- dance studio
- meeting rooms
- Small-sided 3G pitch (35m x 18m).

The building also houses the Whiteley Town Council offices; however, these are only occasionally booked for public use. The Centre has approximately 45 car parking spaces.

The Council owns the land on which the existing Centre stands, but does not own the land behind it (the town council) or in front of it (British Land). The Centre has some issues with disability access and also the first-floor meeting room areas. The strength of the floor means that they are unsuitable for fitness activities that involve large numbers of people or significant movement by participants. In practice, activities like yoga are permissible, but not more active dance classes.

Since its opening, the Centre has been managed by Places Leisure and the contract is due to expire in 2021.

The Centre currently has around 600 members and operationally delivers a small loss on an annual turnover of circa £350,000. Total visitor numbers for the last three financial years have been as follows:

- 2016-17: 126,533
- 2017-18: 111,173
- 2018-19: 115,351

Separately, the Council is also redeveloping its main leisure site in Winchester and the new Winchester Sport and Leisure Park is due to open in January 2021 (to replace River Park Leisure Centre). This facility does not form part of this opportunity.

The Site

The Centre is located in the very south of the Winchester District on an accessible site, just to the north of the M27 (junction 9) and close to areas of population around Whiteley and Swanwick. Figure 1 shows this location.

The site incorporates the existing Centre and small-sided 3G pitch to the rear as well as the car park, as shown in Figure 2. There are playing pitches to the west of the site and a shopping centre to the east. The overall size of the site as shown in Figure 2 is circa 6,900 sqm.

Given its location close to the M27, the site is generally very accessible. However, there may be some difficulties at peak times given the level of traffic on the M27.

The following sections provide further information on the opportunity, including the local market, latent demand for health and fitness facilities and key parameters of a future leisure contract.

Section 1: Introduction

Figure 1: Centre Location

Figure 2: Site Layout

Section 1: Introduction

The Local Market

Winchester District is amongst the twenty most affluent local authority areas in the country. It covers around 661 square kilometres with over 50 rural settlements, centred around the county town of Winchester itself. The district has many special heritage characteristics and 40.4% of it falls within the South Downs National Park.

In 2018, the Winchester District had an estimated population of 124,295. The Office for National Statistics' (ONS) *2014 Sub-national Population Projections for Winchester City* suggested that there would be an increase in population of 13.1% to 138,000 between 2014 and 2037. As set out in the *Winchester District Local Plan Part 1 – Joint Core Strategy*, 16.6% of the district's population currently lives within the South Downs National Park and 36% of the population live in the city of Winchester.

Winchester has a well-educated and healthy population with 30% being qualified to professional status compared to 20% nationally and 74% of residents consider themselves to be in good health compared to 68% nationally. Life expectancy for both men and women is also higher than the England average. However, 60.5% of Winchester's adults are still categorised as being overweight (including those who are obese), although this is lower than the national figure of 64.8%.

In terms of participation rates, the District is above the average for England as a whole. Participation figures from an *Active Lives Survey* (2017/18) show that a greater percentage of adults in Winchester are classified as 'active'[1] (69.4%) compared to regional (65.9%) and national (62.6%) levels.

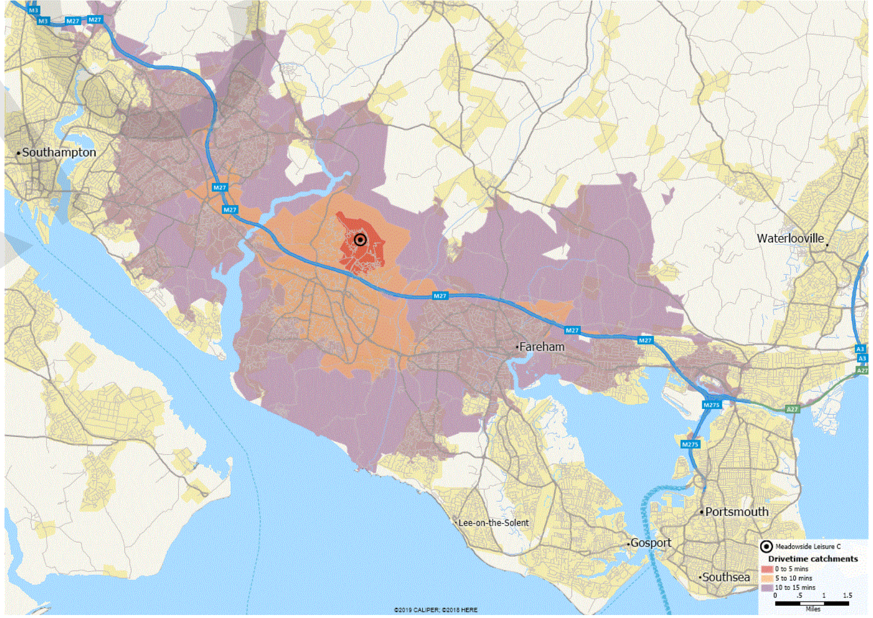
Provision will be made in the District for about 12,500 dwellings (net) in the period April 2011 to March 2031, distributed between the three spatial areas as follows:

- 4,000 dwellings in Winchester
- 6,000 dwellings in South Hampshire Urban Areas
- 2,500 dwellings in Market Towns and Rural Areas.

Based on the 2017 population estimates, the total number of people within 15 minutes of the Centre is as follows:

- 0-5 minutes: 544
- 5-10 minutes: 31,564
- 10-15 minutes: 215,177.

Figure 3: 5-, 10- and 15-minute catchment areas for the Centre



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[1] 'Active' means participating in at least 150 minutes of activity per week.

Health and Fitness Latent Demand

The Centre is location less than a mile away to the north of the M27 motorway and the River Hamble around 2-miles to the west. Population numbers in the immediate area are low due to the areas of green space to the north and east of Whiteley. Just 8,500 people live within a one-mile radius (although as part of the North Whiteley Major Development Area, 3,500 homes, two primary schools and a secondary school are due to be built in the coming years). The population rises to almost 29,000 within two miles. For the purposes of assessing the demand for health and fitness facilities, the latter has been considered as the core catchment area. It is considered that most members will come from this area, but in addition an allowance has been made for those people who will travel from outside the catchment. As mentioned, this area is home to 29,000 people and of these 22,934 are adults aged 15 and over.

The two-mile catchment reaches the River Hamble to the west and the outskirts of Fareham to the east. To the south it reaches the edge of Titchfield. In terms of demographics, two of the affluent Mosaic groups really stand out and account for over half (54%) of the catchment population:

- G (Domestic Success): 29%
- B (Prestige Positions): 25%.

Those in **Domestic Success** tend to be high-earning families, typically headed by couples in their 30s and 40s, many of whom have school-age children. They live affluent lifestyles in upmarket homes and their busy lives revolve around their children and successful careers in higher managerial and professional roles.

The proportion of group G households is over three times higher than the national average. The largest share of this group (14%) falls into type G28 (**Modern Parents**) and these tend to be married couples with young children. Typically, they are in their 30s and 40s. A good number also falls into G27 (**Thriving Independence**: 8.3%) and G29 (**Mid-Career Convention**: 5.5%). Type G29 is similar to G28 above (families with children), but with slightly lower household incomes. The **Thriving Independence** group, however, is slightly different from the other group G types in that many are singles in their 30s and 40s, mostly with no dependent children.

The **Prestige Positions** groups contain some of the most affluent people in society, consisting of well-educated couples with successful careers in senior and managerial positions. Most will be in their mid-40s to mid-60s and they live in spacious homes. In this catchment, the proportion of those in group B is almost 3.5 times higher than the national average. Those within this group are largely split across three types with each accounting for over 7% of the catchment population. Those in type B07 tend to be younger and more affluent than those in B08 and B09. Type B07 (**Alpha Families**) typically contains high-achieving married couples in their 40s with younger school-age children. Type B08 (**Bank of Mum and Dad**) tends to be well-off married couples slightly older than **Alpha Families** whose children, generally aged 18 to 25, are still enjoying the comfort of their childhood home. Type B09 (**Empty-Nest Adventure**) are older still, consisting of couples, mostly 56+, living in large detached homes. With their children now having left home, they enjoy a very comfortable standard of living.

The only other Mosaic group represented at above-average levels in the catchment is the younger category H (**Aspiring Homemakers**). Almost a quarter of the population is classified as such (24%). Type H33 (**Contemporary Starts**) makes up almost 17% of locals. These are fashion conscious younger couples and singles in their 20s and 30s setting up home in neighbourhoods attractive to themselves and their peers. Most do not yet have children and instead are focusing on building their careers. Type H30 (**Primary Ambitions**: 4.7%) also features and these are typically aspiring young families headed by parents aged in their 30s, who have one or two children who attend local nurseries and primary schools. Both parents work and many have degrees, meaning they have good household incomes from jobs in lower managerial and lower professional roles.

Although at group level Mosaic group E (**Senior Security**) does not stand out, there is one type within it that does. Type E18 (**Legacy Elders**) accounts for over 3.5% of residents. As the name suggests, these are people well into retirement, with an average age of 78. Many are in good health and still live in their (now valuable) family homes. They are enjoying the financial security that comes with outright ownership and a good final salary pension.

In terms of age, the number of people aged 25-54 is higher than the national average, while all age brackets 55+ are represented at lower levels. The number of children and teenagers is also above average.

Competition

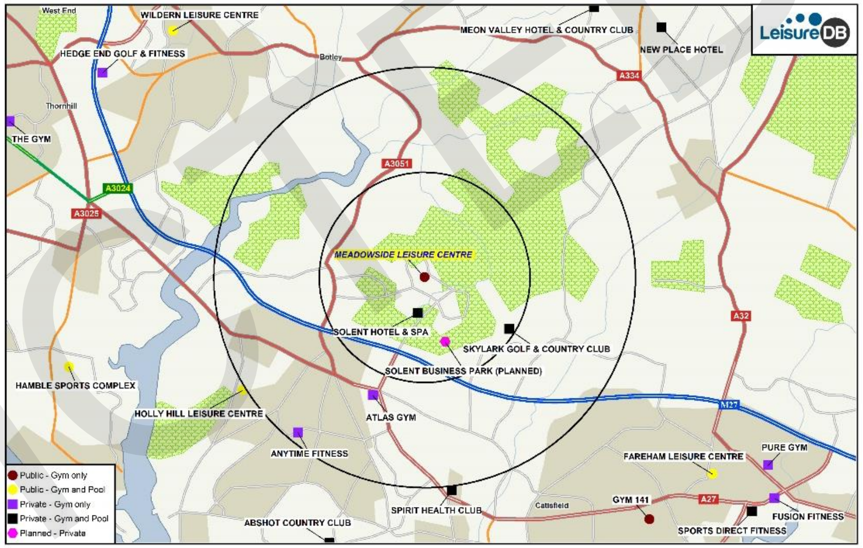
There are currently four fitness competitors within two miles of the Centre and two of these are within a mile (Solent Hotel & Spa and Skylark Golf & Country Club). The closest is Solent Hotel & Spa which offers a circa 25-station gym, studio, small pool and spa. It is the most expensive club in the area with a premium price tag of over £80 per month.

Skylark Golf & Country Club offers similar facilities to Solent Hotel but has a smaller spa area and an 18-hole golf course. Membership is £45 per month. Together, the clubs have around 1,500 members.

The other two competitors in the catchment are both south of the M27. Just under two miles away is Anytime Fitness in Locks Heath, which is open 24 hours a day. The club opened in 2016 and has over 1,000 members for its 40-station gym and studio. The typical monthly price is £34.95. Atlas Gym is a small independent club with an emphasis on functional training. It has less than 200 members and charges £29.99 per month. Like Anytime Fitness it is open 24 hours a day.

Just outside the catchment to the south west is Holly Hill Leisure Centre, which opened in 2016 and is managed by Everyone Active. They also operate the principal leisure facility in Fareham (circa three miles away to the south west). Both have large gyms (100 stations), pools and studios. The latter also offers a large sports hall and squash courts. Monthly membership at both is £25 and they each have large membership bases.

Figure 4: Health and Fitness Competition Map



Also to the south is Spirit Health Club at the Holiday Inn Hotel and the Abshot Country Club in Titchfield Common. Both clubs offer wet and dry facilities for £40 to £50 per month.

In terms of new facilities, outline plans have been submitted for a mixed used development at Solent Business Park which includes a gym. However, a decision has yet to be made on the application.

Latent Demand

The **latent demand for fitness at Meadowside Leisure Centre has been estimated to be 840**. This is the total number of members that could potentially be achieved if the fitness offering was expanded. This figure includes an allowance for 30% of the total coming from outside the two-mile catchment area. It also takes into account the impact of competition in the area, particularly for those in the south west of the catchment who have the Holly Hill Leisure Centre closer to them.

THE OPPORTUNITY

As outlined in Section 1, the Council is currently considering the options for the future of the Centre once the existing contract expires in 2021 and would like to understand the potential interest from leisure operators in the opportunity. As it stands, the Council is considering two options:

- **Option A:** management of the Centre for a five-year period (or until the new secondary school in North Whiteley opens)
- **Option B:** management of the Centre for ten to 15 years with the option of the operator investing in the site to improve the facilities on offer.

Set out below are key parameters that it is envisaged a future management contract would cover. They are set out in three areas:

- Opening Hours
- Condition Survey Investment
- Protected Usage
- Management Responsibilities.

Opening hours

The current opening hours for the Centre are as follows:

- Monday to Friday: 6:30 am – 10:00 pm
- Saturday: 8:00 am – 5.00 pm
- Sunday: 9:00 am – 9.00 pm.

It is not envisaged that these hours would change materially for a future contract, although there may be scope to lengthen the opening hours on Saturdays if there were a viable case for doing so.

Condition Survey Investment

In September 2018, a condition survey of the building was undertaken. The purpose of the inspection was to record its current condition and to identify key repair requirements over the short-, medium- and long-term. The inspection was of a visual nature only (i.e. no opening up or testing) and included all internal and external areas of the building, along with the perimeter hardstanding and car park.

Overall, the property is in a reasonable state of repair and condition, given its age and its use. The repairs identified are typical of what could reasonably be expected for a property of this type. The most notable were as follows:

- Blown double glazing units to the sports hall
- Cut edge corrosion to the profiled metal pitched roof covering over the first-floor function rooms
- Clogged and potentially leaking gutters and downpipes
- Limited disabled access provisions within the facility, specifically no accessible changing or toilet facilities.

Overall, the cost of all identified repairs was summarised into three categories:

- **High**: urgent attention required (e.g. health and safety issue)
- **Medium**: possibly serious implication if not remedied (e.g. significant disrepair to external fabric)

- **Low**: not of immediate concern, but may impact on future use and costs of maintaining the building. May become a higher priority if nothing is done to remedy the issue.

Table 1 presents a summary of the condition survey costs. It is envisaged that the Council would address these prior to the commencement of the new contract.

Table 1: Condition Survey Cost Summary

	Year 1	Years 2-5	Years 6-10	Total
High Risk	£0	£0	£0	**£0**
Medium Risk	£9,816	£26,565	£0	**£36,381**
Low Risk	£16,116	£42,888	£108,707	**£167,711**
Totals (£)				**£204,000**

As outlined in Section 1, the strength of the first floor means the meeting/functions rooms are unsuitable for fitness activities that involve large numbers of people or significant movement by participants. In practice, activities like yoga are permissible, but not more active dance classes. Addressing this is not covered by the condition survey cost summary above.

Protected Usage

There is no protected usage within the Centre beyond the space for Whiteley Town Council, for which they may a nominal rent per annum to the operator to cover utilities and a contribution to repairs and maintenance.

The Council expects the Centre to continue to be aimed at all sections of the community with a pricing and access policy that reflects this.

Management Responsibilities

Under a new contract, it is envisaged that the operator would take responsibility for operating the Centre including income, staffing, repairs and maintenance, utilities, cleaning, security, etc. The operator would also be responsible for any investment they wish to make to improve the facility (beyond the condition survey investment detailed above).

An indicative headline matrix of key risks and responsibilities is set out in Table 2.

Table 2: Headline Risk Matrix

Ref.	Risk	Council	Operator
1.	NNDR - change to operator's corporate structure		✓
2.	NNDR - change in law (national or local)	✓	
3.	NNDR – change in rateable value of centre	✓	
4.	VAT relief – change to operator's corporate structure		✓
5.	VAT relief – change in law	✓	
6.	Asset Management	Will be detailed in Asset Management Responsibilities Matrix Majority of responsibility beyond building structure will be passed to operator,	
7.	Latent Defects	✓	
8.	Construction delays (related to operator investment in the Centre)		✓

Ref.	Risk	Council	Operator
9.	Technical capability of leisure centre to achieve performance standards set out in services specification (subject to correct maintenance regime)	✓	
10.	Utilities – consumption		✓
11.	Utilities – tariff	✓	
12.	Operator FF&E cost overruns		✓
13.	Operator initiated investment cost overruns		✓
14.	Operational and financial performance (income and expenditure)		✓
15.	Staffing		✓
16.	Pensions (LGPS) • Pay increases above normal local government levels • Redundancies		✓ ✓
	• Early retirement costs • Discretions • Augmentations or increasing a member's period of membership • Historic underfunding • Changes to contribution rate	✓ ✓	✓ ✓ ✓
17.	Pension (operator schemes)		✓

QUESTIONS

The Council is keen to understand the interest from the operator market in managing Meadowside Leisure Centre following the expiry of the current contract in 2021. If you are interested in the opportunity, please provide a response to the questions below:

1. Would you be interested in bidding for the contract to manage Meadowside Leisure Centre from 2021? If not, please can you explain your reasoning?

2. If you have answered 'yes' to Q1, please confirm which of options A and B set out on page 8 would be your preference. If you would be interested in managing the Centre under one of the options but not the other, please state this clearly in your response and why.

3. What is your view on the headline risk matrix set out in Table 2?

4. If you are interested in providing investment to improve the Centre (option B), please provide a brief explanation of the type of investment you would consider appropriate

5. Based on detail set out in this document and the fact that there would be minimal (if any) protected usage, please provide an indication of the likely management fee that you believe could be achieved? (This can be in the form of a broad range e.g. £0-£100,000. You do not need to provide business plan to support your response.)

6. Do you have any other comments or questions regarding the opportunity?

Your response to these questions will **not** be considered as any form of binding offer to the Council. As outlined above, at this stage the Council wishes to test the potential interest from the market for this opportunity.

Your response should be submitted to Simon Molden at *simon.molden@thesportsconsultancy.com* by 5.00 p.m. on Monday 28 October 2019.

If you have any further questions, please contact Simon Molden at *simon.molden@thesportsconsultancy.com.*

APPENDIX C: FINANCIAL ANALYSIS

Meadowside Leisure Centre Options Appraisal

Affordability Analysis

Financial Model

Contents

08/11/2019

Meadowside Leisure Centre Options Appraisal
Option A: 5-year management contract, then closure
08/11/2019

			PROJECT SUMMARY																NEW CENTRE OPEN											
					2020-21	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	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	
CAPITAL COSTS		Reference/Notes	Capital	Revenue (28-year average)	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	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Total
TOTAL EXPENDITURE (CAPITAL COST & FEES)																														
Leisure Centre capital cost		Includes fees, contingency, inflation, etc	£0																											
Other incurred capital cost			£0																											
Capital funding																														
Source 1			£0																											
Source 2			£0																											
Source 3			£0																											
Source 4			£0																											
Source 5			£0																											
Net capital cost			£0		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
BORROWING IMPLICATIONS																														
Annual rate:	*3.30%*																													
Period:	*25 years*																													
Council yield on cash rate:	*0.00%*																													
Council yield on cash interest				£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Leisure Centre Total (MRP + Interest)				£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
REVENUE IMPLICATIONS					(£10.000)																									
Leisure Centre management fee (indexed)				(£12.512)	(£2.500)	(£10.200)	(£10.404)	(£10.612)	(£10.824)	(£11.041)	(£11.262)	(£11.487)	(£11.717)	(£11.951)	(£12.190)	(£12.434)	(£12.682)	(£12.936)	(£13.195)	(£13.459)	(£13.728)	(£14.002)	(£14.282)	(£14.568)	(£14.859)	(£15.157)	(£15.460)	(£15.769)	(£16.084)	
Inflation:	*2.00%*				*1.00*	*1.02*	*1.04*	*1.06*	*1.08*	*1.10*	*1.13*	*1.15*	*1.17*	*1.20*	*1.22*	*1.24*	*1.27*	*1.29*	*1.32*	*1.35*	*1.37*	*1.40*	*1.43*	*1.46*	*1.49*	*1.52*	*1.55*	*1.58*	*1.61*	
Existing Meadowside LC operational budget			y	£18.835	£14.701	£14.995	£15.295	£15.601	£15.913	£16.231	£16.556	£16.887	£17.225	£17.569	£17.920	£18.279	£18.644	£19.017	£19.398	£19.786	£20.181	£20.585	£20.997	£21.417	£21.845	£22.282	£22.727	£23.182	£23.646	
Contract retendering costs (options A & B)			y	(£5.630)	(£60.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	(£80.752)	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs			y	(£2.703)	£0	£0	£0	£0	£0	£0	(£67.570)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs			y	(£8.160)	(£204.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost			y	(£1.200)	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation			y	£27.028	£0	£0	£0	£0	£0	£0	£675.697	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
NET POSITION				£15,658	(£281,799)	£4,795	£4,891	£4,989	£5,089	£5,190	£613,422	£5,400	£5,508	£5,618	£5,730	£5,845	£5,962	£6,081	£6,203	(£74,425)	£6,453	£6,583	£6,714	£6,848	£6,985	£7,125	£7,268	£7,413	£7,561	£391,450
REVENUE & BORROWING SCENARIOS																														
A. VARIATIONS IN BORROWING RATES																														
Rate adjustment:	*+0.50%*																													
Revised Leisure Centre Total (MRP + Interest)				*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	
REVISED NET POSITION				£15,658	(£289,299)	£4,795	£4,891	£4,989	£5,089	£5,190	£613,422	£5,400	£5,508	£5,618	£5,730	£5,845	£5,962	£6,081	£6,203	(£74,425)	£6,453	£6,583	£6,714	£6,848	£6,985	£7,125	£7,268	£7,413	£7,561	
Rate adjustment:	*-0.50%*																													
Revised Leisure Centre Total (MRP + Interest)				*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	
REVISED NET POSITION				£15,658	(£289,299)	£4,795	£4,891	£4,989	£5,089	£5,190	£613,422	£5,400	£5,508	£5,618	£5,730	£5,845	£5,962	£6,081	£6,203	(£74,425)	£6,453	£6,583	£6,714	£6,848	£6,985	£7,125	£7,268	£7,413	£7,561	
B. VARIATIONS IN ASSUMED INFLATION RATE																														
Rate adjustment:	*+0.50%*																													
Revised Indexed Management Fee		*See Other Rev Costs worksheet*		(£18.969)	(£10.000)	(£10.455)	(£10.931)	(£11.428)	(£11.948)	(£12.492)	(£13.060)	(£13.654)	(£14.276)	(£14.925)	(£15.604)	(£16.314)	(£17.056)	(£17.833)	(£18.644)	(£19.492)	(£20.379)	(£21.306)	(£22.276)	(£23.289)	(£24.349)	(£25.457)	(£26.615)	(£27.826)	(£29.092)	
					1.00	*1.03*	*1.05*	*1.08*	*1.10*	*1.13*	*1.16*	*1.19*	*1.22*	*1.25*	*1.28*	*1.31*	*1.34*	*1.38*	*1.41*	*1.45*	*1.48*	*1.52*	*1.56*	*1.60*	*1.64*	*1.68*	*1.72*	*1.76*	*1.81*	
Existing Meadowside LC operational budget				£20.086	£14.701	£15.069	£15.445	£15.831	£16.227	£16.633	£17.049	£17.475	£17.912	£18.360	£18.819	£19.289	£19.771	£20.265	£20.772	£21.291	£21.824	£22.369	£22.929	£23.502	£24.089	£24.692	£25.309	£25.942	£26.590	
Contract retendering costs (options A & B)				(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs				(£2.783)	£0	£0	£0	£0	£0	£0	(£69.582)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs				(£8.160)	(£204.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost				(£1.200)	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation				£27.833	£0	£0	£0	£0	£0	£0	£695.816	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION				£14,407	(£289,299)	£4,614	£4,515	£4,403	£4,279	£4,141	£630,223	£3,821	£3,636	£3,434	£3,214	£2,975	£2,715	£2,433	£2,128	£1,799	£1,445	£1,063	£653	£212	(£260)	(£765)	(£1,306)	(£1,885)	(£2,502)	
Rate adjustment:	*-0.50%*																													
Revised Indexed Management Fee		*See Other Rev Costs worksheet*		(£12.281)	(£10.000)	(£10.150)	(£10.302)	(£10.457)	(£10.614)	(£10.773)	(£10.934)	(£11.098)	(£11.265)	(£11.434)	(£11.605)	(£11.779)	(£11.956)	(£12.136)	(£12.318)	(£12.502)	(£12.690)	(£12.880)	(£13.073)	(£13.270)	(£13.469)	(£13.671)	(£13.876)	(£14.084)	(£14.295)	
					1.00	*1.02*	*1.03*	*1.05*	*1.06*	*1.08*	*1.09*	*1.11*	*1.13*	*1.14*	*1.16*	*1.18*	*1.20*	*1.21*	*1.23*	*1.25*	*1.27*	*1.29*	*1.31*	*1.33*	*1.35*	*1.37*	*1.39*	*1.41*	*1.43*	
Existing Meadowside LC operational budget				£17.678	£14.701	£14.922	£15.145	£15.373	£15.603	£15.837	£16.075	£16.316	£16.561	£16.809	£17.061	£17.317	£17.577	£17.840	£18.108	£18.380	£18.655	£18.935	£19.219	£19.508	£19.800	£20.097	£20.399	£20.705	£21.015	
Contract retendering costs (options A & B)				(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs				(£2.624)	£0	£0	£0	£0	£0	£0	(£65.607)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs				(£8.160)	(£204.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost				(£1.200)	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
				£26.243	£0	£0	£0	£0	£0	£0	£656.066	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION				£17,256	(£289,299)	£4,772	£4,843	£4,916	£4,989	£5,064	£595,600	£5,217	£5,296	£5,375	£5,456	£5,538	£5,621	£5,705	£5,790	£5,877	£5,966	£6,055	£6,146	£6,238	£6,332	£6,427	£6,523	£6,621	£6,720	
NET PRESENT VALUE (28 years)																														
Discount rate:	*3.00%*			£260,452	(£289.299)	£4.795	£4.891	£4.989	£5.089	£5.190	£613.422	£5.400	£5.508	£5.618	£5.730	£5.845	£5.962	£6.081	£6.203	(£74.425)	£6.453	£6.583	£6.714	£6.848	£6.985	£7.125	£7.268	£7.413	£7.561	

Meadowside Leisure Centre Options Appraisal
Option B: 15-year management contract
08/11/2019

		PROJECT SUMMARY		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
CAPITAL COSTS	Reference/Notes	Capital	Revenue (28-year average)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
TOTAL EXPENDITURE (CAPITAL COST & FEES)											
Leisure Centre capital cost	Includes fees, contingency, inflation, etc	£625.000									
Other incurred capital cost		£0									
Capital funding											
Source 1		£0									
Source 2		£0									
Source 3		£0									
Source 4		£0									
Source 5		£0									
Net capital cost		£625.000		£0	£0	£0	£0	£0	£0	£0	£0
BORROWING IMPLICATIONS											
Annual rate:	3.30%										
Period:	25 years										
Council yield on cash rate:	0.00%										
Council yield on cash interest			£0	£0	£0	£0	£0	£0	£0	£0	£0
Leisure Centre Total (MRP + Interest)			(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)
REVENUE IMPLICATIONS				£50.000							
Leisure Centre management fee (indexed)			£62.561	£12.500	£51.000	£52.020	£53.060	£54.122	£55.204	£56.308	£57.434
Inflation:	2.00%			1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15
Existing Meadowside LC operational budget		y	£18.835	£14.701	£14.995	£15.295	£15.601	£15.913	£16.231	£16.556	£16.887
Contract retendering costs (options A & B)		y	(£5.630)	(£60.000)	£0	£0	£0	£0	£0	£0	£0
Site disposal costs		n	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs		y	(£8.160)	(£204.000)	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost		y	(£1.200)	(£30.000)	£0	£0	£0	£0	£0	£0	£0
Site valuation		n	£0	£0	£0	£0	£0	£0	£0	£0	£0
NET POSITION			£29,303	(£303,902)	£28,892	£30,212	£31,558	£32,932	£34,332	£35,761	£37,218
REVENUE & BORROWING SCENARIOS											
A. VARIATIONS IN BORROWING RATES											
Rate adjustment:	+0.50%										
Revised Leisure Centre Total (MRP + Interest)			(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)
REVISED NET POSITION			£27,239	(£268,465)	£26,829	£28,149	£29,495	£30,868	£32,269	£33,698	£35,155
Rate adjustment:	-0.50%										
Revised Leisure Centre Total (MRP + Interest)			(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)
REVISED NET POSITION			£31,308	(£264,396)	£30,898	£32,218	£33,564	£34,937	£36,338	£37,767	£39,224
B. VARIATIONS IN ASSUMED INFLATION RATE											
Rate adjustment:	+0.50%										
Revised Indexed Management Fee	*See Other Rev Costs worksheet*		£94,844	£50,000	£52,275	£54,654	£57,140	£59,740	£62,458	£65,300	£68,271
				1.00	1.03	1.05	1.08	1.10	1.13	1.16	1.19
Existing Meadowside LC operational budget			£20.086	£14.701	£15.069	£15.445	£15.831	£16.227	£16.633	£17.049	£17.475
Contract retendering costs (options A & B)			(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0
Site disposal costs			£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs			(£8.160)	(£204.000)	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost			(£1.200)	(£30.000)	£0	£0	£0	£0	£0	£0	£0
Site valuation			£0	£0	£0	£0	£0	£0	£0	£0	£0
REVISED NET POSITION			£66,068	(£266,402)	£30,241	£32,996	£35,869	£38,865	£41,988	£45,246	£48,643
Rate adjustment:	-0.50%										
Revised Indexed Management Fee	*See Other Rev Costs worksheet*		£61.404	£50.000	£50.750	£51.511	£52.284	£53.068	£53.864	£54.672	£55.492
				1.00	1.02	1.03	1.05	1.06	1.08	1.09	1.11
Existing Meadowside LC operational budget			£17,678	£14,701	£14,922	£15,145	£15,373	£15,603	£15,837	£16,075	£16,316
Contract retendering costs (options A & B)			(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0
Site disposal costs			£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs			(£8.160)	(£204.000)	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost			(£1.200)	(£30.000)	£0	£0	£0	£0	£0	£0	£0
			£0	£0	£0	£0	£0	£0	£0	£0	£0
REVISED NET POSITION			£30,220	(£266,402)	£28,569	£29,554	£30,554	£31,569	£32,599	£33,644	£34,705
NET PRESENT VALUE (28 years)											
Discount rate:	3.00%		£1,064,613	(£229.299)	£65.995	£67.315	£68.661	£70.034	£71.435	£72.864	£74.321

						NEW CENTRE OPEN			
	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
CAPITAL COSTS	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Net capital cost	£0	£0	£0	£0	£0	£0	£0	£0	£0
Council yield on cash interest	£0	£0	£0	£0	£0	£0	£0	£0	£0
Leisure Centre Total (MRP + Interest)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)
Leisure Centre management fee (indexed)	£58.583	£59.755	£60.950	£62.169	£63.412	£64.680	£65.974	£67.293	£68.639
Inflation:	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35	1.37
Existing Meadowside LC operational budget	£17.225	£17.569	£17.920	£18.279	£18.644	£19.017	£19.398	£19.786	£20.181
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	(£80.752)	£0
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site valuation	£0	£0	£0	£0	£0	£0	£0	£0	£0
NET POSITION	£38,705	£40,221	£41,767	£43,345	£44,954	£46,595	£48,269	(£30,776)	£51,718
Revised Leisure Centre Total (MRP + Interest) (+0.50%)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)
REVISED NET POSITION	£36,641	£38,157	£39,704	£41,281	£42,890	£44,531	£46,205	(£32,839)	£49,654
Revised Leisure Centre Total (MRP + Interest) (-0.50%)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)
REVISED NET POSITION	£40,710	£42,226	£43,773	£45,350	£46,959	£48,600	£50,274	(£28,770)	£53,723
Revised Indexed Management Fee (+0.50%)	£71,378	£74,625	£78,021	£81,571	£85,282	£89,163	£93,219	£97,461	£101,895
	1.22	1.25	1.28	1.31	1.34	1.38	1.41	1.45	1.48
Existing Meadowside LC operational budget	£17.912	£18.360	£18.819	£19.289	£19.771	£20.265	£20.772	£21.291	£21.824
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site valuation	£0	£0	£0	£0	£0	£0	£0	£0	£0
REVISED NET POSITION	£52,187	£55,882	£59,737	£63,757	£67,951	£72,325	£76,889	£81,650	£86,616
Revised Indexed Management Fee (-0.50%)	£56.325	£57.169	£58.027	£58.897	£59.781	£60.678	£61.588	£62.512	£63.449
	1.13	1.14	1.16	1.18	1.20	1.21	1.23	1.25	1.27
Existing Meadowside LC operational budget	£16,561	£16,809	£17,061	£17,317	£17,577	£17,840	£18,108	£18,380	£18,655
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	£0
	£0	£0	£0	£0	£0	£0	£0	£0	£0
REVISED NET POSITION	£35,782	£36,876	£37,985	£39,112	£40,255	£41,415	£42,593	£43,789	£45,002
Discount rate:	£75.808	£77.324	£78.870	£80.448	£82.057	£83.698	£85.372	£6.327	£88.821

	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	
CAPITAL COSTS	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25	Total
Net capital cost	£0	£0	£0	£0	£0	£0	£0	£0	
Council yield on cash interest	£0	£0	£0	£0	£0	£0	£0	£0	
Leisure Centre Total (MRP + Interest)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)	(£37,103)
Leisure Centre management fee (indexed)	£70.012	£71.412	£72.841	£74.297	£75.783	£77.299	£78.845	£80.422	
Inflation:	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61	
Existing Meadowside LC operational budget	£20.585	£20.997	£21.417	£21.845	£22.282	£22.727	£23.182	£23.646	
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation	£0	£0	£0	£0	£0	£0	£0	£0	
NET POSITION	£53,494	£55,306	£57,154	£59,040	£60,962	£62,924	£64,924	£66,965	£732,571
Revised Leisure Centre Total (MRP + Interest) (+0.50%)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	(£39,166)	
REVISED NET POSITION	£51,431	£53,243	£55,091	£56,976	£58,899	£60,860	£62,861	£64,901	
Revised Leisure Centre Total (MRP + Interest) (-0.50%)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	(£35,097)	
REVISED NET POSITION	£55,500	£57,312	£59,160	£61,045	£62,968	£64,929	£66,930	£68,970	
Revised Indexed Management Fee (+0.50%)	£106,532	£111,379	£116,447	£121,745	£127,284	£133,076	£139,131	£145,461	
	1.52	1.56	1.60	1.64	1.68	1.72	1.76	1.81	
Existing Meadowside LC operational budget	£22.369	£22.929	£23.502	£24.089	£24.692	£25.309	£25.942	£26.590	
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION	£91,798	£97,205	£102,846	£108,731	£114,873	£121,282	£127,969	£134,948	
Revised Indexed Management Fee (-0.50%)	£64.401	£65.367	£66.348	£67.343	£68.353	£69.378	£70.419	£71.475	
	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	
Existing Meadowside LC operational budget	£18,935	£19,219	£19,508	£19,800	£20,097	£20,399	£20,705	£21,015	
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	
	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION	£46,233	£47,483	£48,752	£50,040	£51,347	£52,674	£54,021	£55,388	
Discount rate:	£90.597	£92.409	£94.257	£96.142	£98.065	£100.026	£102.027	£104.067	

Meadowside Leisure Centre Options Appraisal
Option C: Management Passed to Town Council
08/11/2019

			PROJECT SUMMARY													
					2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
CAPITAL COSTS		**Reference/Notes**	**Capital**	**Revenue (28-year average)**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Year 11**	**Year 12**
TOTAL EXPENDITURE (CAPITAL COST & FEES)																
Leisure Centre capital cost		Includes fees, contingency, inflation, etc	**£0**													
Other incurred capital cost			**£0**													
Capital funding																
Source 1			**£0**													
Source 2			**£0**													
Source 3			**£0**													
Source 4			**£0**													
Source 5			**£0**													
Net capital cost			**£0**		**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**
BORROWING IMPLICATIONS																
Annual rate:	*3.30%*															
Period:	*25 years*															
Council yield on cash rate:	*0.00%*															
Council yield on cash interest				**£0**	**£0**	**£0**	**£0**	**£0**	£0	£0	£0	£0	£0	£0	£0	£0
Leisure Centre Total (MRP + Interest)				**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**
REVENUE IMPLICATIONS					£0											
Leisure Centre management fee (indexed)				**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Inflation:	*2.00%*				*1.00*	*1.02*	*1.04*	*1.06*	*1.08*	*1.10*	*1.13*	*1.15*	*1.17*	*1.20*	*1.22*	*1.24*
Existing Meadowside LC operational budget			y	**£18.835**	£14.701	£14.995	£15.295	£15.601	£15.913	£16.231	£16.556	£16.887	£17.225	£17.569	£17.920	£18.279
Contract retendering costs (options A & B)			y	**(£1.200)**	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site disposal costs			n	**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs			y	**(£8.160)**	(£204.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost			y	**(£1.200)**	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site valuation			n	**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
NET POSITION				**£8,275**	**(£249,299)**	**£14,995**	**£15,295**	**£15,601**	**£15,913**	**£16,231**	**£16,556**	**£16,887**	**£17,225**	**£17,569**	**£17,920**	**£18,279**
REVENUE & BORROWING SCENARIOS																
A. VARIATIONS IN BORROWING RATES																
Rate adjustment:	*+0.50%*															
Revised Leisure Centre Total (MRP + Interest)				*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*
REVISED NET POSITION				**£8,275**	**(£249,299)**	**£14,995**	**£15,295**	**£15,601**	**£15,913**	**£16,231**	**£16,556**	**£16,887**	**£17,225**	**£17,569**	**£17,920**	**£18,279**
Rate adjustment:	*-0.50%*															
Revised Leisure Centre Total (MRP + Interest)				*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*
REVISED NET POSITION				**£8,275**	**(£249,299)**	**£14,995**	**£15,295**	**£15,601**	**£15,913**	**£16,231**	**£16,556**	**£16,887**	**£17,225**	**£17,569**	**£17,920**	**£18,279**
B. VARIATIONS IN ASSUMED INFLATION RATE																
Rate adjustment:	*+0.50%*															
Revised Indexed Management Fee		*See Other Rev Costs worksheet*		**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
					1.00	*1.03*	*1.05*	*1.08*	*1.10*	*1.13*	*1.16*	*1.19*	*1.22*	*1.25*	*1.28*	*1.31*
Existing Meadowside LC operational budget				**£20.086**	£14.701	£15.069	£15.445	£15.831	£16.227	£16.633	£17.049	£17.475	£17.912	£18.360	£18.819	£19.289
Contract retendering costs (options A & B)				**(£1.200)**	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site disposal costs				**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs				**(£8.160)**	(£204.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost				**(£1.200)**	(£30.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site valuation				**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
REVISED NET POSITION				**£9,526**	**(£249,299)**	**£15,069**	**£15,445**	**£15,831**	**£16,227**	**£16,633**	**£17,049**	**£17,475**	**£17,912**	**£18,360**	**£18,819**	**£19,289**
Rate adjustment:	*-0.50%*															
Revised Indexed Management Fee		*See Other Rev Costs worksheet*		**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
					1.00	*1.02*	*1.03*	*1.05*	*1.06*	*1.08*	*1.09*	*1.11*	*1.13*	*1.14*	*1.16*	*1.18*
Existing Meadowside LC operational budget				**£17,678**	£14,701	£14,922	£15,145	£15,373	£15,603	£15,837	£16,075	£16,316	£16,561	£16,809	£17,061	£17,317
Contract retendering costs (options A & B)				**(£1,200)**	(£30,000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Site disposal costs				**£0**	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
MLC condition survey costs				**(£8.160)**	(£204.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Floor strengthening cost				**(£1,200)**	(£30,000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
				£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
REVISED NET POSITION				**£7,118**	**(£249,299)**	**£14,922**	**£15,145**	**£15,373**	**£15,603**	**£15,837**	**£16,075**	**£16,316**	**£16,561**	**£16,809**	**£17,061**	**£17,317**
NET PRESENT VALUE (28 years)																
Discount rate:	*3.00%*			£61,874	**(£249.299)**	**£14.995**	**£15.295**	**£15.601**	**£15.913**	**£16.231**	**£16.556**	**£16.887**	**£17.225**	**£17.569**	**£17.920**	**£18.279**

		NEW CENTRE OPEN												
	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	
CAPITAL COSTS	**Year 13**	**Year 14**	**Year 15**	**Year 16**	**Year 17**	**Year 18**	**Year 19**	**Year 20**	**Year 21**	**Year 22**	**Year 23**	**Year 24**	**Year 25**	**Total**
Net capital cost	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	
Council yield on cash interest	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Leisure Centre Total (MRP + Interest)	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**	**£0**
Leisure Centre management fee (indexed)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Inflation:	*1.27*	*1.29*	*1.32*	*1.35*	*1.37*	*1.40*	*1.43*	*1.46*	*1.49*	*1.52*	*1.55*	*1.58*	*1.61*	
Existing Meadowside LC operational budget	£18.644	£19.017	£19.398	£19.786	£20.181	£20.585	£20.997	£21.417	£21.845	£22.282	£22.727	£23.182	£23.646	
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
NET POSITION	**£18,644**	**£19,017**	**£19,398**	**£19,786**	**£20,181**	**£20,585**	**£20,997**	**£21,417**	**£21,845**	**£22,282**	**£22,727**	**£23,182**	**£23,646**	**£206,877**
Revised Leisure Centre Total (MRP + Interest) (+0.50%)	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	
REVISED NET POSITION	**£18,644**	**£19,017**	**£19,398**	**£19,786**	**£20,181**	**£20,585**	**£20,997**	**£21,417**	**£21,845**	**£22,282**	**£22,727**	**£23,182**	**£23,646**	
Revised Leisure Centre Total (MRP + Interest) (-0.50%)	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	*£0*	
REVISED NET POSITION	**£18,644**	**£19,017**	**£19,398**	**£19,786**	**£20,181**	**£20,585**	**£20,997**	**£21,417**	**£21,845**	**£22,282**	**£22,727**	**£23,182**	**£23,646**	
Revised Indexed Management Fee (+0.50%)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
	1.34	*1.38*	*1.41*	*1.45*	*1.48*	*1.52*	*1.56*	*1.60*	*1.64*	*1.68*	*1.72*	*1.76*	*1.81*	
Existing Meadowside LC operational budget	£19.771	£20.265	£20.772	£21.291	£21.824	£22.369	£22.929	£23.502	£24.089	£24.692	£25.309	£25.942	£26.590	
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION	**£19,771**	**£20,265**	**£20,772**	**£21,291**	**£21,824**	**£22,369**	**£22,929**	**£23,502**	**£24,089**	**£24,692**	**£25,309**	**£25,942**	**£26,590**	
Revised Indexed Management Fee (-0.50%)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
	1.20	*1.21*	*1.23*	*1.25*	*1.27*	*1.29*	*1.31*	*1.33*	*1.35*	*1.37*	*1.39*	*1.41*	*1.43*	
Existing Meadowside LC operational budget	£17,577	£17,840	£18,108	£18,380	£18,655	£18,935	£19,219	£19,508	£19,800	£20,097	£20,399	£20,705	£21,015	
Contract retendering costs (options A & B)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION	**£17,577**	**£17,840**	**£18,108**	**£18,380**	**£18,655**	**£18,935**	**£19,219**	**£19,508**	**£19,800**	**£20,097**	**£20,399**	**£20,705**	**£21,015**	
Discount rate:	**£18.644**	**£19.017**	**£19.398**	**£19.786**	**£20.181**	**£20.585**	**£20.997**	**£21.417**	**£21.845**	**£22.282**	**£22.727**	**£23.182**	**£23.646**	

Meadowside Leisure Centre Options Appraisal
Option D: Closure and Sale of Site
08/11/2019

		PROJECT SUMMARY															NEW CENTRE OPEN												
				2020-21	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	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	
CAPITAL COSTS	**Reference/Notes**	**Capital**	**Revenue (28-year average)**	**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**	**Year 16**	**Year 17**	**Year 18**	**Year 19**	**Year 20**	**Year 21**	**Year 22**	**Year 23**	**Year 24**	**Year 25**	**Total**
TOTAL EXPENDITURE (CAPITAL COST & FEES)																													
Leisure Centre capital cost	Includes fees, contingency, inflation, etc	£0																											
Other incurred capital cost		£0																											
Capital funding																													
Source 1		£0																											
Source 2		£0																											
Source 3		£0																											
Source 4		£0																											
Source 5		£0																											
Net capital cost		£0		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
BORROWING IMPLICATIONS																													
Annual rate: 3.30%																													
Period: 25 years																													
Council yield on cash rate: 0.00%																													
Council yield on cash interest			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Leisure Centre Total (MRP + Interest)			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
REVENUE IMPLICATIONS																													
Leisure Centre management fee (indexed)			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Inflation: 2.00%				1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35	1.37	1.40	1.43	1.46	1.49	1.52	1.55	1.58	1.61	
Existing Meadowside LC operational budget		y	£18.835	£14.701	£14.995	£15.295	£15.601	£15.913	£16.231	£16.556	£16.887	£17.225	£17.569	£17.920	£18.279	£18.644	£19.017	£19.398	£19.786	£20.181	£20.585	£20.997	£21.417	£21.845	£22.282	£22.727	£23.182	£23.646	
Contract retendering costs (options A & B)		n	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs		y	(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs		n	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost		n	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation		y	£24.000	£600.000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
NET POSITION			£40,435	£554,701	£14,995	£15,295	£15,601	£15,913	£16,231	£16,556	£16,887	£17,225	£17,569	£17,920	£18,279	£18,644	£19,017	£19,398	£19,786	£20,181	£20,585	£20,997	£21,417	£21,845	£22,282	£22,727	£23,182	£23,646	£1,010,877
REVENUE & BORROWING SCENARIOS																													
A. VARIATIONS IN BORROWING RATES																													
Rate adjustment: +0.50%																													
Revised Leisure Centre Total (MRP + Interest)			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION			£40,435	£554,701	£14,995	£15,295	£15,601	£15,913	£16,231	£16,556	£16,887	£17,225	£17,569	£17,920	£18,279	£18,644	£19,017	£19,398	£19,786	£20,181	£20,585	£20,997	£21,417	£21,845	£22,282	£22,727	£23,182	£23,646	
Rate adjustment: -0.50%																													
Revised Leisure Centre Total (MRP + Interest)			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION			£40,435	£554,701	£14,995	£15,295	£15,601	£15,913	£16,231	£16,556	£16,887	£17,225	£17,569	£17,920	£18,279	£18,644	£19,017	£19,398	£19,786	£20,181	£20,585	£20,997	£21,417	£21,845	£22,282	£22,727	£23,182	£23,646	
B. VARIATIONS IN ASSUMED INFLATION RATE																													
Rate adjustment: +0.50%																													
Revised Indexed Management Fee	*See Other Rev Costs worksheet*		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
				1.00	1.03	1.05	1.08	1.10	1.13	1.16	1.19	1.22	1.25	1.28	1.31	1.34	1.38	1.41	1.45	1.48	1.52	1.56	1.60	1.64	1.68	1.72	1.76	1.81	
Existing Meadowside LC operational budget			£20.086	£14.701	£15.069	£15.445	£15.831	£16.227	£16.633	£17.049	£17.475	£17.912	£18.360	£18.819	£19.289	£19.771	£20.265	£20.772	£21.291	£21.824	£22.369	£22.929	£23.502	£24.089	£24.692	£25.309	£25.942	£26.590	
Contract retendering costs (options A & B)			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs			(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site valuation			£24.000	£600.000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION			£41,686	£554,701	£15,069	£15,445	£15,831	£16,227	£16,633	£17,049	£17,475	£17,912	£18,360	£18,819	£19,289	£19,771	£20,265	£20,772	£21,291	£21,824	£22,369	£22,929	£23,502	£24,089	£24,692	£25,309	£25,942	£26,590	
Rate adjustment: -0.50%																													
Revised Indexed Management Fee	*See Other Rev Costs worksheet*		£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
				1.00	1.02	1.03	1.05	1.06	1.08	1.09	1.11	1.13	1.14	1.16	1.18	1.20	1.21	1.23	1.25	1.27	1.29	1.31	1.33	1.35	1.37	1.39	1.41	1.43	
Existing Meadowside LC operational budget			£17,678	£14,701	£14,922	£15,145	£15,373	£15,603	£15,837	£16,075	£16,316	£16,561	£16,809	£17,061	£17,317	£17,577	£17,840	£18,108	£18,380	£18,655	£18,935	£19,219	£19,508	£19,800	£20,097	£20,399	£20,705	£21,015	
Contract retendering costs (options A & B)			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Site disposal costs			(£2.400)	(£60.000)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
MLC condition survey costs			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
Floor strengthening cost			£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
			£24,000	£600,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
REVISED NET POSITION			£39,278	£554,701	£14,922	£15,145	£15,373	£15,603	£15,837	£16,075	£16,316	£16,561	£16,809	£17,061	£17,317	£17,577	£17,840	£18,108	£18,380	£18,655	£18,935	£19,219	£19,508	£19,800	£20,097	£20,399	£20,705	£21,015	
NET PRESENT VALUE (28 years)																													
Discount rate: 3.00%			£842,457	£554.701	£14.995	£15.295	£15.601	£15.913	£16.231	£16.556	£16.887	£17.225	£17.569	£17.920	£18.279	£18.644	£19.017	£19.398	£19.786	£20.181	£20.585	£20.997	£21.417	£21.845	£22.282	£22.727	£23.182	£23.646	

Meadowside Leisure Centre Options Appraisal
Option B: Other Revenue Cost Assumptions
08/11/2019

		Notes/Assumptions
Existing Meadowside LC operational budget	£14,701	Average of management fees paid by Council in 2016-17, 2017-18 & 2018-19
Contract retendering costs (options A & B)	-£60,000	Estimate covering consultancy and legal fees for options A & B
Contract retendering costs (option C)	-£30,000	Estimate covering consultancy and legal fees for option C only
Site disposal costs	-£60,000	For option A and D only. Allowance for securing the site and its sale
MLC condition survey costs	-£204,000	From condition survey report
Floor strengthening cost	-£30,000	Cost provided by Council
Site valuation	£600,000	Estimate

Meadowside Leisure Centre Options Appraisal
Summary of the Financial Analysis
08/11/2019

PROJECT SUMMARY	Option A: 5-year management contract, then closure		Option B: 15-year management contract		Option C: Management Passed to Town Council		Option D: Closure and Sale of Site		
	Capital	*Revenue*	*Capital*	*Revenue*	*Capital*	*Revenue*	*Capital*	*Revenue*	
Capital cost	£0		(£625,000)		£0		£0		*a*
Partner funding	£0		£0		£0		£0		*b*
Deficit to be funded by Prudential Borrowing	**£0**		**(£625,000)**		**£0**		**£0**		*c (a-b)*
25-year average borrowing costs		£0		(£37,103)		£0		£0	*d*
25-year average management fee (indexed)		(£12,512)		£62,561		£0		£0	*e*
25-year average other revenue implications		£28,170		£3,845		£8,275		£40,435	*f*
25-year average net annual cost (inc financing costs)		**£15,658**		**£29,303**		**£8,275**		**£40,435**	*g (d-e-f)*
25-year total cost (including financing costs)		£391,450		£732,571		£206,877		£1,010,877	*h*
NPV (28 years)		£260,452		£1,064,613		£61,874		£842,457	*i*

SCENARIO	DETAIL	Option A: 5-year management contract, then closure	Option B: 15-year management contract	Option C: Management Passed to Town Council	Option D: Closure and Sale of Site		
VARIATIONS IN BORROWING RATES	*+0.50% variation in interest rate*	**£15,658**	**£27,239**	**£8,275**	**£40,435**	*k*	
	impact compared to base scenario	£0	(£2,063)	£0	£0	*k-g*	*Impact compared to line h in table above*
	-0.50% variation in interest rate	**£15,658**	**£31,308**	**£8,275**	**£40,435**	*l*	
	impact compared to base scenario	£0	£2,005	£0	£0	*l-g*	*Impact compared to line h in table above*
VARIATIONS IN ASSUMED INFLATION RATE	*+0.50% variation in inflation rate*	**£14,407**	**£66,068**	**£9,526**	**£41,686**	*m*	
	impact compared to base scenario	(£1,251)	£36,765	£1,251	£1,251	*m-g*	*Impact compared to line h in table above*
	-0.50% variation in inflation rate	**£17,256**	**£30,220**	**£7,118**	**£39,278**	*n*	
	impact compared to base scenario	£1,598	£917	(£1,157)	(£1,157)	*n-g*	*Impact compared to line h in table above*

Meadowside Leisure Centre Options Appraisal
Graphical Summary of the Financial Analysis
08/11/2019

Scenario	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
Option A: 5-year management contract, then closure	(£281,799)	£4,795	£4,891	£4,989	£5,089	£5,190	£613,422	£5,400	£5,508	£5,618	£5,730	£5,845	£5,962
Option B: 15-year management contract	(£303,902)	£28,892	£30,212	£31,558	£32,932	£34,332	£35,761	£37,218	£38,705	£40,221	£41,767	£43,345	£44,954
Option C: Management Passed to Town Council	(£249,299)	£14,995	£15,295	£15,601	£15,913	£16,231	£16,556	£16,887	£17,225	£17,569	£17,920	£18,279	£18,644
Option D: Closure and Sale of Site	£554,701	£14,995	£15,295	£15,601	£15,913	£16,231	£16,556	£16,887	£17,225	£17,569	£17,920	£18,279	£18,644

Scenario	2033-34 Year 14	2034-35 Year 15	2035-36 Year 16	2036-37 Year 17	2037-38 Year 18	2038-39 Year 19	2039-40 Year 20	2040-41 Year 21	2041-42 Year 22	2042-43 Year 23	2043-44 Year 24	2044-45 Year 25
Option A: 5-year management contract, then closure	£6,081	£6,203	(£74,425)	£6,453	£6,583	£6,714	£6,848	£6,985	£7,125	£7,268	£7,413	£7,561
Option B: 15-year management contract	£46,595	£48,269	(£30,776)	£51,718	£53,494	£55,306	£57,154	£59,040	£60,962	£62,924	£64,924	£66,965
Option C: Management Passed to Town Council	£19,017	£19,398	£19,786	£20,181	£20,585	£20,997	£21,417	£21,845	£22,282	£22,727	£23,182	£23,646
Option D: Closure and Sale of Site	£19,017	£19,398	£19,786	£20,181	£20,585	£20,997	£21,417	£21,845	£22,282	£22,727	£23,182	£23,646