APPENDIX B – COMMERCIAL ASSESSMENT OF OPTIONS

PROJECT:	**Abbey Fields Swimming Pools**
SUBJECT:	**Commercial Assessment of Options**
DATE:	**November 2018**

1. Introduction

1.1 The Sport, Leisure and Culture Consultancy (SLC) has been commissioned by Warwick District Council to undertake a study to identify the relative commercial and operational merits of the future facility mix at Abbey Fields Swimming Pool.

1.2 This is a key element of Phase II of the Council's Leisure Development Programme (LDP) and will provide an independent assessment of the opportunities offered by the site.

1.3 This study will be used to assist the Council in exploring options for future development alongside the evaluation of the responses to a public and stakeholder consultation exercise on short listed options undertaken between 22 October 2018 and 19 November 2018.

1.4 The study will:

- Take into account the findings of the Council's updated Indoor Sports Strategy (2018) in respect of swimming / aquatic activities, and supplement this with additional evidence as required
- Consider the potential to reduce the subsidy related to outdoor swimming pool provision
- Produce a commercial assessment of an additional indoor pool (c. 12m x 10m) to supplement the existing 25m x 10m indoor pool (Option 1)
- Produce a commercial assessment of the current free form outdoor pool including consideration of subsidy reduction measures (Option 2)
- Produce a commercial assessment of a new outdoor pool 25m x 10m including consideration of subsidy reduction measures (Option X)
- Provide recommendations on which option is most appropriate for the site based on evidence of need and commercial viability.

2. Background

2.1 In November 2015, elected members agreed to Phase I of the LDP which saw significant investment in facilities in Warwick and Leamington Spa. It was also agreed that Phase II would focus on Kenilworth and the north of the district.

2.2 Officers have been working in collaboration with local partners to consider opportunities to bring together the aspirations of different organisations with those of WDC to create an integrated "Vision for Kenilworth" that delivers a wide range of sports and leisure facilities and opportunities for this part of the district.

2.3 The Council is committed to providing a Sport and Leisure service which delivers:

- Local facilities for all sectors of the community
- Modern facilities that are fit for purpose
- Value for money, fair pricing and long term financial sustainability

- A sustainable model for provision.

2.4 As with Phase I of the LDP, the Council wants future leisure developments in Kenilworth to focus on providing facilities that attract all sectors of the community and contribute to getting the currently "inactive" more active. Any refurbished or new facilities should also be designed in a way that maximises the sustainability of the facilities and which will support the growing population in Kenilworth. Significant growth is identified for Kenilworth in the Local Plan, with nearly 2,000 new dwellings being allocated across 6 sites.

2.5 Abbey Fields Swimming Pool was built in 1986 on the site of a traditional Lido. The new provision created a 25m x 10m indoor pool, a free-form outdoor pool and a small outdoor paddling pool along with ancillary facilities and a café.

2.6 The indoor pool is heavily used year-round, whilst the outdoor pool provision has traditionally opened from the end of May half term (Whitsun) and remains open through to early September.

2.7 When the outdoor pool is open, swimmers are able to move between the indoor and outdoor pools, making it difficult to collect robust usage data on the outdoor pool alone.

2.8 The formal establishment of the Kenilworth project was approved by elected members in February 2018 and Mace Ltd were appointed as project managers alongside a multi-disciplinary team. The project team established a long list of possible options for Abbey Fields and Castle Farm which has been revisited and scored against a matrix to produce a short list of options. The short list options were approved by the Executive in September 2018 to be included in an initial consultation exercise.

2.9 A local group, Restore Kenilworth Lido, has also been petitioning for the retention of outdoor pool provision at Abbey Fields Swimming Pool in the form of a 25m x 10m outdoor pool. They have provided the Council with a proposal which has also been considered at a high level as part of this assessment.

3. Warwick District Council Indoor Sports Strategy – updated July 2018

3.1 An Indoor Sport and Leisure Strategy was developed for indoor and built leisure facility provision across Warwick District in 2014. This was updated in 2018 to reflect changes that had taken place since, update the Sport England Facilities Planning Model (FPM) work and to provide a specific focus on the Kenilworth area.

3.2 The FPM assesses the likely levels of demand based on census information at output area level including age, gender, deprivation levels etc., and achieved levels of participation, and analyses this against local provision, including existing and planning facilities and facilities in neighbouring local authority areas.

3.3 The updated FPM analysis of swimming pools against the 2017 population and projected 2029 population in the District found that in 2017, the available supply of community-use water space in the District exceeds demand by 260 sq. metres in 2017, and that demand would exceed supply by 11 sq. metres in 2029.

3.4 The FPM analysis also shows that the distribution of provision is suitable with 95% of demand located within the catchment area of an existing pool. Satisfied demand is over 90% in both years, and the majority of unmet demand is locational – i.e. demand which is not being met because it is located outside of the catchment area of a pool rather than as a result of a lack of capacity.

3.5 A high proportion (88% in 2017 and 81% in 2029) of satisfied demand from Warwick District residents is being met by a pool located within the district. The increase in exported demand

(i.e. demand from residents of the district being met by residents using a facility located in a neighbouring local authority area) in 2029, is due primarily to the location of new residential developments on the outskirts of Coventry.

3.6 Sport England sets a benchmark of 70% of pool capacity being used at peak times as operating within comfortable capacity.

3.7 Whilst the average occupancy of pools within the district are below this level in both years (59% and 61% respectively), the Council's leisure centre swimming pools have higher than average levels of use.

3.8 Abbey Fields Swimming pool is estimated to have 77% of pool capacity used in the weekly peak period in 2017, rising to 81% in 2029 – well above comfortable capacity.

3.9 Based on the findings of the FPM analysis, the Strategy recommends that further modernisation of the Abbey Fields Swimming Pool site will be required to ensure projected higher levels of future use can be accommodated, and that options for increasing the available water space at Abbey Fields should be included in planned feasibility work as part of the Strategy's following priorities:

- KSP2 - Key Strategic Priority for the development of an overall approach to provision in Kenilworth
- SP1 - Swimming pool priority to enhance swimming pool stock (SP1)
- SP2 – Swimming pool priority to seek to increase the amount of water space as part of any new swimming pool refurbishment programmes.

3.10 It should be noted that the FPM analysis does not take into account outdoor water space in its calculations due to the seasonality and weather dependency of its use. Only an increase in indoor water space will allow the site to provide additional provision which is reliably accessible on a year-round basis.

4. Swimming Lesson Latent Demand

4.1 One of the key areas of provision within a swimming pool facility, particularly in respect of income generation, is swimming lessons. Option 1 on WDC's short list, proposes the development of a 12m x 10m indoor teaching pool, which would increase indoor water space by 120 sqm.

4.2 This would increase the swimming lesson capacity of the overall facility and would allow the operator to programme the main pool more flexibly for other uses due to the decreased demand on water space in the main pool from swimming lessons.

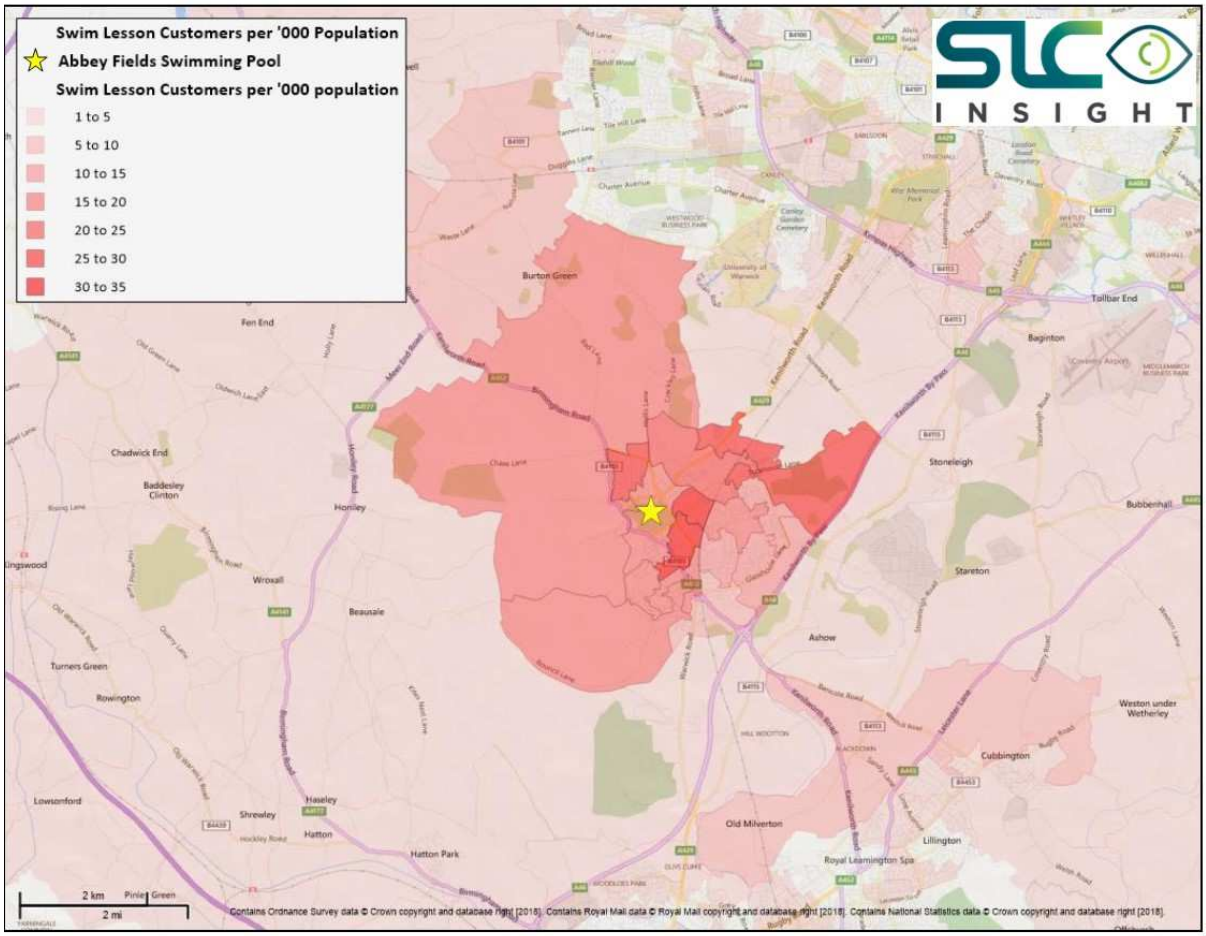
4.3 One of the key considerations relating to this proposal is the current and future levels of latent (unmet) demand for swimming lesson within a reasonable catchment area of the facility. This will inform our understanding of the need for this particular type of swimming pool provision and the likely impact on the commercial performance of the facility.

4.4 In order to assess current and future levels of latent demand for swimming lessons around Abbey Fields Swimming Pool, the distribution of the facility's current swimming lesson customers was analysed in order to establish an "effective catchment area".

4.5 An effective catchment area is the geographical area from which 75% of the customers of a particular facility or service are drawn and therefore the catchment which should be considered in relation to demand and competing supply. The analysis of current swimming lesson customers at Abbey Fields Swimming Pool has been based on anonymous postcode data for existing swimming lesson customers and travel time analysis.

4.6 Figure 1 shows the distribution of existing swimming lesson customers in the form of a map demonstrating density of customers per '000 population. This shows that the highest density areas are those in Kenilworth and the immediate surrounding areas, with the density of customers dropping off significantly beyond this. Based on an analysis of the travel times of each existing customer to the facility, swimming lessons at Abbey Fields Swimming Pool have an effective catchment area of 10 minutes' drive time.

Figure 1: Distribution of Swimming Lesson Customers



4.7 This 10-minute drive time catchment area has been assessed using SLC's latent demand model for swimming lessons which examines the likely total demand generated by the population of a defined catchment area and models it against total existing (and planned) provision and likely satisfied demand.

4.8 The latent / unmet demand for swimming lessons is based on the residual from the total expected demand less the likely satisfied demand.

4.9 This model has been used to assess latent demand for swimming lessons in a 10-minute drive time catchment area around Abbey Fields Swimming Pool based on the 2016 population (ONS 2016 mid-year population estimates) to provide an indication of current demand and the balance with supply.

4.10 The model has also been used to assess latent demand based on the 2029 population (ONS 2015-based sub-national population projections). This assumes a rate of growth in the catchment area consistent with that in Warwick District and Coventry overall between 2016 and 2029.

4.11 SLC's latent demand model is designed to provide guidance and an indication of market potential as part of a wider consideration of community leisure needs.

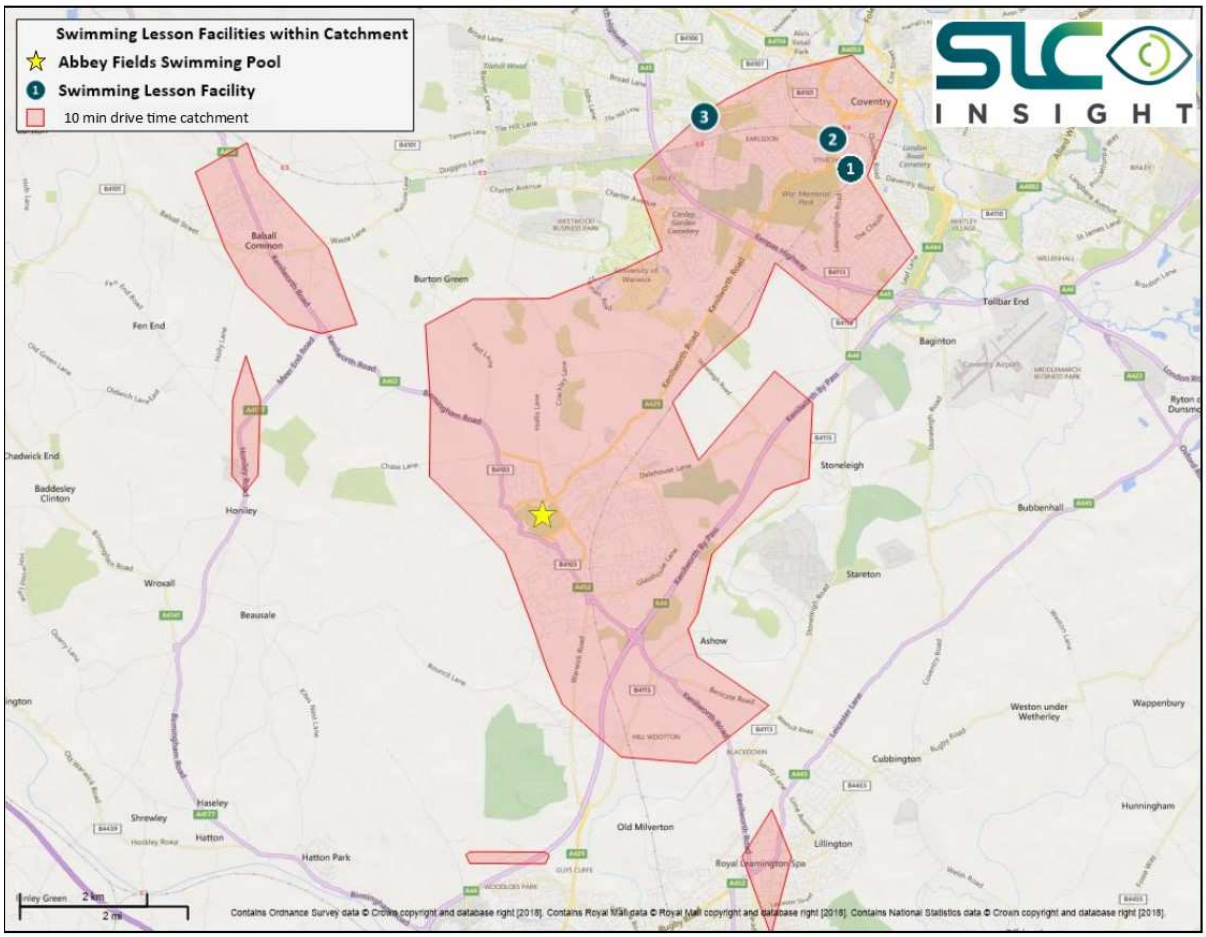
4.12 Its findings are based on the maintenance of supply at its current levels and are not a guarantee of future demand which is dependent on a number of unknown factors.

4.13 Best available information from the Council, their current operator and public sources have been used wherever possible, including actual data from existing facilities where appropriate and available.

4.14 The analysis uses child participation rates for weekly swimming outside of school taken from the Department for Culture, Media and Sport (DCMS) *Taking Part Survey (2015/16).* Other demographic factors are also integrated into the final analysis.

4.15 There are three competing facilities within a 10-minute drive time catchment of Abbey Fields Swimming Pool as shown in Figure 2. An estimate of the capacity of these existing facilities based on their swimming lesson programmes and facilities, and the current swimming lesson members at Abbey Fields Swimming Pool (736) have been factored into the latent demand calculations for the catchment area.

Figure 2: Swimming Lesson Facilities near Abbey Fields Leisure Centre



	Facility	Indoor Water M²	Access Type	Estimated Swimming Lesson Capacity (pupils)
1	KING HENRY VIII PREPARATORY SCHOOL	50	Private Use	96
2	KING HENRY VIII	312.50	Registered Membership Use	312

	Facility	Indoor Water M²	Access Type	Estimated Swimming Lesson Capacity (pupils)
	SCHOOL			
3	VILLAGE GYM (COVENTRY)	250	Registered Membership Use	400

4.16 The results of the latent demand assessment for current and future populations (2016 and 2029) for a 10-minute drive time catchment are summarised in Table 1. Given that the effective catchment of Abbey Fields Swimming Pools swimming lessons is calculated on the basis of the area from which 75% of members are drawn, a consideration has been made for demand from outside this effective catchment area.

Table 1: Abbey Fields Swimming Pool - Current and Future Latent Demand

	2016	2029
Catchment Population	94,403	107,905
Estimated Demand	2,249	2,524
Estimated Satisfied Demand	1,540	
Estimated Latent Demand (catchment only)	709	984
Estimated Latent Demand (incl. consideration for demand from outside catchment)	945	1,312

4.17 **Table 1 shows that there is significant unmet current and future demand within the catchment of 709 pupils currently, increasing to 984 in 2029. If an adjustment is made for demand from outside the effective catchment, this shortfall increases to 945 currently and 1,312 in 2029.**

4.18 A number of other demographic factors can also impact on the expected level of swimming lesson take-up in a particular area based on the propensity of different groups to participate in sport and physical activity, including ethnicity and socio-economic status.

4.19 Ethnic background has a strong influence on participation in sport, particularly for females. Inactivity rates range from 24.0% to 30.9% across ethnic groups (Sport England Active Lives – November 2016/17), albeit this is based on adult activity level.

4.20 Socio-economic status also has a significant impact on levels of participation in sport and physical activity. Activity levels are higher amongst people from higher socio-economic groups than those from lower socio-economic groups. Inactivity levels between groups with different socio-economic classifications range between 17% and 38% according to Sport England's Active Lives Survey (November 2016/17).

4.21 A breakdown of the ethnic and socio-economic composition of the 10-minute drive time catchment is compared with England-wide levels to determine a sensitivity factor to be applied to estimated demand based on the potential impact of ethnicity and socio-economic status on participation levels. Overall a sensitivity factor of +5% within the 10-minute drive time catchment has been applied as shown in Table 2.

Table 2: Latent Demand Summary – including Sensitivity Factor

	2016	2029
Findings Including Sensitivity		
Estimated Latent Demand (Catchment only)	709	984

Estimated Latent Demand (incl. consideration for demand from outside catchment)	945	1,312
Findings Including Sensitivity	**+5% demand**	
Estimated Latent Demand (Catchment only)	822	1,111
Estimated Latent Demand (incl. consideration for demand from outside catchment)	1,096	1,482

4.22 Factoring in the impact of ethnicity and socio-economic status on likely levels of demand increases the levels of latent demand for swimming lessons at Abbey Fields Swimming Pool as shown in Table 2.

4.23 **Overall, the latent demand analysis for swimming lessons suggests there is significant scope within the market for increasing the capacity of the swimming lesson programme at Abbey Fields Swimming Pool and for developing facilities at the site which will enable the operator to do so.**

4.24 This is reinforced by the experience of the new operator of Abbey Fields Swimming Pool who, since taking over the contract in June 2017, have increased swimming lesson pupil numbers by c. 13% from 650 to 736. Consultation with the operator has also highlighted the potential to grow the lessons programme further.

4.25 It should also be noted that the addition of an indoor teaching pool would not only increase the available supply of swimming lessons but would also allow for other users to have greater access to the main indoor pool by reducing the demands on that water space from programmed swimming lessons.

4.26 The teaching pool can also be used by local schools during the day and the operator has reported unmet demand from schools in the area in the form of requests from current school users who would like to book additional hours and from schools who do not currently use the facility.

5. Consideration of Outdoor Pool Provision

5.1 There is no recognised methodology for assessing demand for outdoor pool provision as opposed to indoor water space, primarily because use of an outdoor pool is seasonal, highly weather dependent and subject to availability of a facility in the area.

5.2 A local group, Restore Kenilworth Lido, has provided a submission to the Council in support of a 25m x 10m outdoor swimming pool as part of the redevelopment of Abbey Fields Swimming Pool.

5.3 The submission emphasises the historic and heritage value of a lido and its value to the community as a facility which can provide a range of activities (casual, lane swimming, events, galas, triathlons etc.), act as a community hub and address social equity issues and attract visitors from surrounding areas.

5.4 It seeks to provide a direct comparison with the option of an indoor teaching pool citing the following points (shown in bold) linked to the Health, Wellbeing and Communities strand of the Council's Fit For the Future Strategy. SLC's response to each of these points is provided below:

- **Provides a greater range of swimming activities –** however, it should be noted that the provision of a teaching pool enables the existing 25m indoor pool to be programmed more flexibly and provide a greater range of activities by relocating some of the existing swimming lesson provision

- **Of particular value to young people –** it is unclear what evidence exists to support this.
- **Only public outdoor pool within a 30 mile radius and draws visitors from surrounding areas –** there is limited comparable provision in the immediate area which could serve as a direct replacement in the event of its closure. However, it is not clear what evidence exists to demonstrate that the facility attracts visitors from surrounding areas in significant numbers and the outdoor pools at Pingles Leisure Centre and Woodgreen Leisure Centre are both within a 30 mile radius.
- **Risk of over provision of indoor teaching pools and potential under use / loss of revenue –** Evidence from the Council's Indoor Sports Strategy, including the FPM which factors in planned and existing provision, shows a requirement for additional indoor water space and SLC's latent demand analysis has shown significant current and future unmet demand for swimming lessons. There is no indication that the market is 'over-provided' for. In SLC's experience, there is a normally a much more significant risk of loss of revenue with outdoor pool provision compared with an indoor teaching pool, given the high costs and comparatively limited usage potential of an outdoor swimming pool.
- **Opportunity for intergenerational activities –** this is also the case for indoor swimming provision, particularly as the addition of a teaching pool would allow the main facility to be programmed more flexibly e.g. to include more family fun sessions etc.
- **Potential for a cultural and entertainment programme –** it is unclear what this would involve or how it would be provided within the existing / redeveloped facility.
- **Inclusive and available to all –** this is also the case with indoor pool provision. It could be argued that an indoor pool provides greater opportunities for inclusivity due to being available all year round within a controlled environment that may be better suited to particular under-represented groups e.g. disabled or older people.
- **Addresses social equity issues –** this is also the case with indoor provision in that indoor provision has the capacity to provide sport, physical activity and water play opportunities to the socially disadvantaged albeit without the element of outdoor swimming. Pricing policies, such as concessionary rates can (and are), used to address economic disadvantage.

5.5 The submission also suggests that the lido could be financially self-sufficient and references a study commissioned by Stroud District Council, Stroud Town Council and the Heritage Lottery Fund's Resilient Heritage Programme which explored ways in which Stratford Park Lido could be sustainably retained and restored.

5.6 A market comparator review undertaken as part of the Stroud study looked nationally at other outdoor swimming facilities and found that outdoor swimming facilities were not financially self-sufficient in themselves. In order to be financially self-sufficient, a facility must have another major income generation scheme in addition to an outdoor pool. Examples given included facilities subsidised by a large car park and by a high end bar / restaurant.

5.7 A number of "nationally successful lidos and outdoor pools" are identified by the study and case studies provided for each:

- **Lido Ponty –** 3 heated outdoor pools, changing facilities, visitors' centre and adventure play area. Restoration costs of £6m funded from a number of sources – the HLF, Welsh European Funding Office, CADW (Welsh governing body of protected sites) and the Council. It is not clear if the facility is financially self-sufficient.

- **Jubilee Pool –** 1930's listed pool. Its continued operation is supported by "vital public funding".
- **Broomhill Pool –** refurbishment is being funded by the local authority, HLF and leisure operator Fusion Lifestyle. Grants have also been provided by Historic England. The pool has not yet reopened and it is not clear if it will be financial self-sufficient, although it is unlikely that it was operating sustainably when it was closed by the Council in 2003. The redeveloped facility will also include (and be cross-subsidised by) a health and fitness centre.
- **Lido Bristol –** Grade II listed which has been restored and operated as a completely commercial venture with private investment. The lido is secondary to the primary high-end restaurant and bar offer, into which the pool and spa are integrated as part of a package offer.

5.8 Case studies have also been provided by the Stroud study for the four other outdoor pool facilities in Gloucestershire which can provide further insight into the operation of other outdoor pools:

- **Sanford Park Lido, Cheltenham –** heated lido with extensive grounds operated for 6 months of the year which operates at a c. 12% profit margin. In addition to the swimming pool use, it receives income for open-air events in its grounds such as theatre or cinema nights, but its primary source of income is a large town centre car park which operates year round. This generates more income than the pool itself, so although the facility does not receive funding from the Council, the leasing of the land, including the car park, from the Council on a peppercorn rent is effectively a subsidy given that the car park income would otherwise be retained by the Council: "The site would not be able to operate without the income of its car park."
- **Bathurst Pool –** 38m pool operated from May to September and heated (albeit erratically) by solar panels. It is owned and operated by a friends group and supported by volunteers, with lifeguards as the only paid staff. The facility received no public funding but is operating at a loss and is kept open by volunteers, donations and sponsorship in kind from local businesses.
- **Wotton-under-Edge Pool –** small heated pool operating at a c. 13% profit margin based on the income and expenditure figures that have been quoted by the study. However, c.50% of its income comes from an annual grant from the town council, so the pool is in fact operating at a subsidy. It has limited opening hours and is supported by volunteers.
- **Cirencester Pool –** 90ft heated pool open from end of May to mid September. The study states that it is operating at a huge annual surplus of £287,776 but this is based on the 2014/15 accounts submitted by the pool to the Charity Commission. These accounts show that operational income (i.e. income from the pool and tuck shop totalled £75,746 (21% of income) and expenditure totalled £77,717. The remainder of the reported income came from donations (£257,866 – most of which was carried over from a previous charity), a grant (£25,000) and fundraising. The most recent accounts submitted to the Charity Commission (Oct 2017) show income excluding donations, grants and fundraising at £30,795 and expenditure at £41,107.

5.9 The study concludes that it is possible for an outdoor pool to be financially self-sustaining if it is significantly cross-subsidised by another major income stream. However, these models or situations are not directly applicable to Abbey Fields Swimming Pool. In fact none of the outdoor pools used as case studies by the study are financially self-sustaining and all are

being subsidised (or effectively subsidised) by funding from elsewhere or financially sustained by additional income generating provision.

Heated vs Unheated and Seasonal vs Year-round use

5.10 In order to undertake a commercial assessment of the 25m x 10m outdoor pool (Option X), it is necessary to determine what assumptions will be applied in terms of how the facility is operated.

5.11 Heating an outdoor pool, even in the warmer months is typically very expensive and is the primary reason, along with being highly weather dependent, for the lack of financially sustainable outdoor pool facilities.

5.12 However, temperature is a significant factor in the attractiveness of an outdoor pool – the public survey undertaken as part of the Stroud study found that the temperature was the main reason given by 56% of people for not visiting Stratford Park Lido. The existing outdoor pool is heated and it is clear from Restore Kenilworth Lido's proposals that they envisage any new 25m x 10m outdoor pool to be heated year-round.

5.13 The Stroud study's market comparator review found that 50% of the 44 outdoor pools identified were advertised as heated, and that very few heated pools were open year-round as the heating costs in winter months cannot be justified by the visitor numbers they receive.

5.14 Outdoor pools can operate year-round without being heated during the winter months but staffing and water treatment costs would still be incurred to maintain this type of use and winter-use of an unheated pool would be extremely limited.

5.15 Parliament Hill Lido, for example, a 50m unheated outdoor pool in Hampstead Heath in London which is open year round, reports that bather numbers drop considerably during the winter months, particularly in December – February. The September to May period (i.e. traditional off season) only accounts for c. 10% of overall yearly usage.

5.16 It has also been suggested that the lack of casual use in the winter could be compensated to some extent by regular triathlon club training hires.

5.17 However, the majority of triathlon clubs hold their swimming training sessions in indoor facilities and are not particularly inclined to hold training in an outdoor pool, particularly an unheated one. Parliament Hill Lido, for example, hosts a regular triathlon club during the summer months, but none during the winter.

5.18 An audit of triathlon clubs in the local area has been undertaken by SLC to gauge the potential market for this kind of use. The clubs which have been identified and contacted are shown in Table 3.

Table 3: Triathlon Clubs near AFSP

Club	Training venue	Approx. Drive Time from training venue to AFSP (mins)
Kenilworth Juniors Tri	Abbey Fields Swimming Pool (indoor)	0
University of Warwick	University of Warwick Sports Centre	10
Coventry Triathlon	King Henry VIII Sport Centre	10
Nuneaton Triathlon Club	Pingles Leisure Centre and Open water venues	35
Rugby Triathlon Club	Rugby School Sports Centre	35

Club	Training venue	Approx. Drive Time from training venue to AFSP (mins)
Stratford-Upon-Avon Triathlon Club	Shipston Leisure Centre	35
Birmingham Running, Athletics and Triathlon Club	University of Birmingham Sports Centre / David Lloyd Bromsgrove / Blue Coat School / Barr Beacon School	40 (closest)

5.19 Only Nuneaton Triathlon Club, the only one of the clubs who currently has outdoor swimming training, responded to the consultation request. Although they would be interested in using an outdoor swimming pool for training, it would need to be heated (albeit only minimally e.g. to 15 degrees). They expressed an interest in only 1-2 hours per week and their interest would be contingent on the location of the pool (only the district was given as the location) and affordability, with a price point of £20-30 per hour. The current operator has stated that they would price hire of the outdoor pool at the same rate as the indoor facility at £65 per hour.

5.20 Overall, it would be reasonable to assume that the heating of any outdoor pool provision would continue if it was included in the future development of Abbey Fields Swimming Pool. However, given that the existing facility is not currently open year-round, the disproportionately high costs of heating an outdoor pool in winter relative to its likely usage, and the lack of evidenced based demand for an unheated outdoor pool in winter, it is assumed for the purposes of the commercial assessment that the pool would continue to operate on a seasonal basis.

6. Current Financial Performance

6.1 As part of this commercial assessment, financial data from Abbey Fields Swimming Pool for recent years has been provided to SLC. This has been used to inform our understanding of trends in the usage of the facility and the activities on offer, fluctuations in income and expenditure over recent years and the impact on income and costs of the opening of the outdoor pool during the summer season.

6.2 The most recent financial data has also been used as the baseline position for the commercial assessments of future projected performance.

6.3 The management of the Council's leisure facilities was transferred to Everyone Active (SLM) as part of a 10 year operating contract in June 2017. Prior to that, the facilities were operated directly by the Council.

6.4 This recent change in management presents some issues in terms of the comparison of usage and financial data for the facility in recent years. Data has not been collected and collated in the same way by both parties so in some cases, fields being used for comparison, particularly in the case of financial data, are not exact matches.

6.5 During the summer when the outdoor pool is open to the public, users are permitted to move freely between the indoor and outdoor pools as part of their admission fee, and income and expenditure is not attributed specifically to each pool. This makes it challenging to calculate the proportion of income and expenditure related to the operation of each pool.

6.6 Another consideration will be the incursion of additional mobilisation costs by the new operator in the first year of the contract for things like training and staff inductions, operating procedures, redecoration and branding, and the introduction of new IT and telephone systems. Additional costs for these types of expenses will have been included in

the financial data for the most recent year of operation but would not be typical of SLM's ongoing operating costs for the facility. SLC, through consultation with the operator, has made reasonable adjustments to the financial data to account for this.

6.7 Figure 3, Figure 4 and Figure 5 show core income and expenditure from Abbey Fields Swimming Pool for April 2015 – March 2016, April 2016 – March 2017 (Council accounts) and June 2017 – May 2018 (SLM accounts).

6.8 These show that, since the commencement of the leisure contract with SLM, income has increased by c. 11% from 16/17 to 17/18 and expenditure has been reduced by 16% in the same period, resulting in an overall reduction in the operating deficit of 37%.

6.9 The most significant increase in income has come from swimming lesson fees – an increase of over 65%, which reflects the growth in the number of swimming lesson customers driven by the operator since taking on the contract as discussed earlier. We understand, through consultation with the operator, that some of this increase can be attributed to the closure of other pools within the contract for refurbishment. However, the numbers have been sustained at a similar level even since the re-opening of these other pools, demonstrating a genuine growth in the programme. Casual swimming, water-based classes and sauna income have actually fallen slightly since 2016/17, but this is within the range of normally year-to-year fluctuations.

6.10 There is also some health and fitness membership income recorded, despite the absence of any health and fitness provision at the site. This is from health and fitness memberships being purchased at Abbey Fields Swimming Pool that allow access to all of the Council's contracted leisure facilities.

6.11 There have been significant reductions in expenditure, particularly in premises costs, support services and capital charges. Some of the reduction in premises costs is the result of significant savings in utility costs, most likely driven by the operator's buying power and economies of scale. Repairs and maintenance expenditure is also lower than in previous years.

6.12 Depreciation does not figure in the operator's accounts, and head office costs are significantly less than the Council's previous support service costs as would be expected from a newly procured leisure contract.

6.13 There is also a significant increase in employee expenditure shown in the operator's accounts for 2017/18 compared with 2016/17. This is partly due to the allocation of employee costs required for the mobilisation of the contract, and will not be an ongoing cost, albeit salaries and wages for the contract are projected to by higher than those incurred by the Council at c. £24,000 pcm compared with an average of c. £17,800 under the Council's management. This can at least partly be explained by the increase in swimming lesson take up and the resultant need for additional swimming lesson instructors.

Figure 3: Abbey Fields Swimming Pool Activity Income 2015-2018

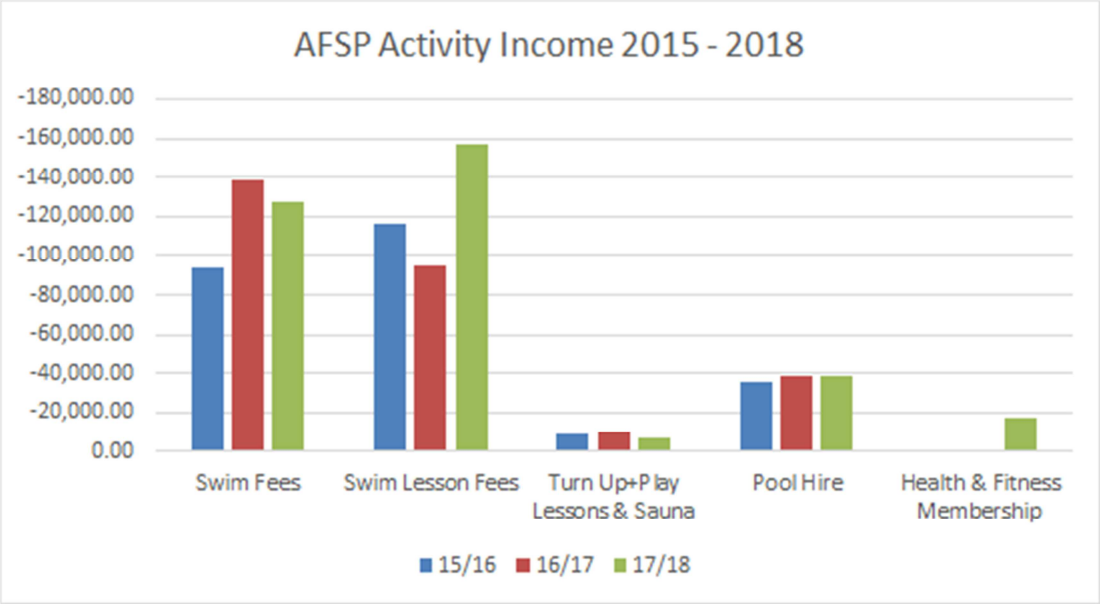


Figure 4: Abbey Fields Swimming Pool Core Expenditure 2015-2018

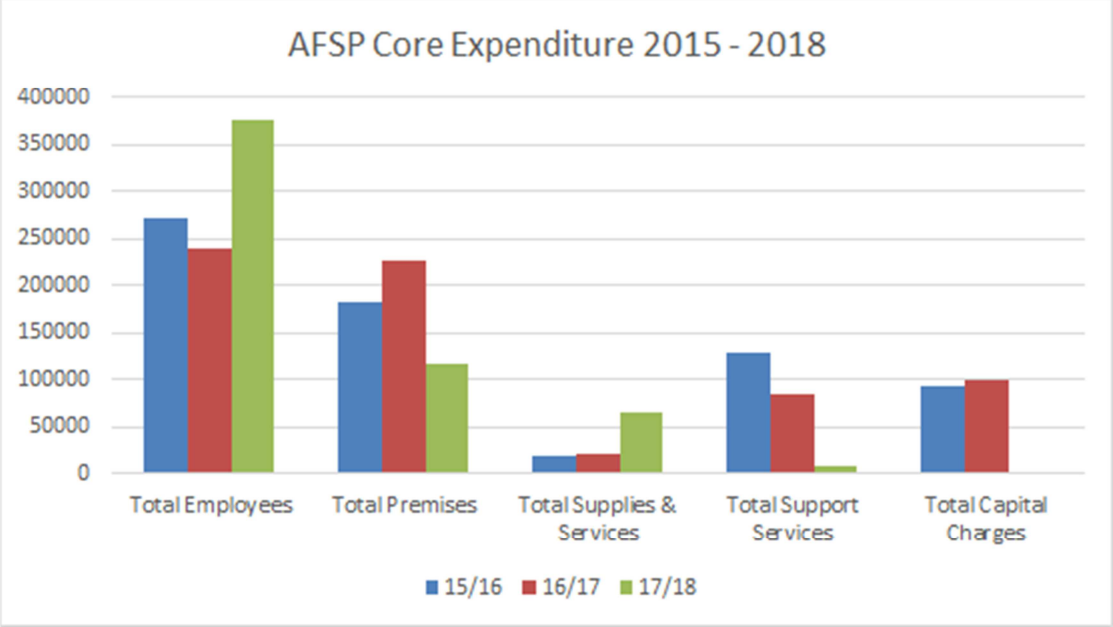
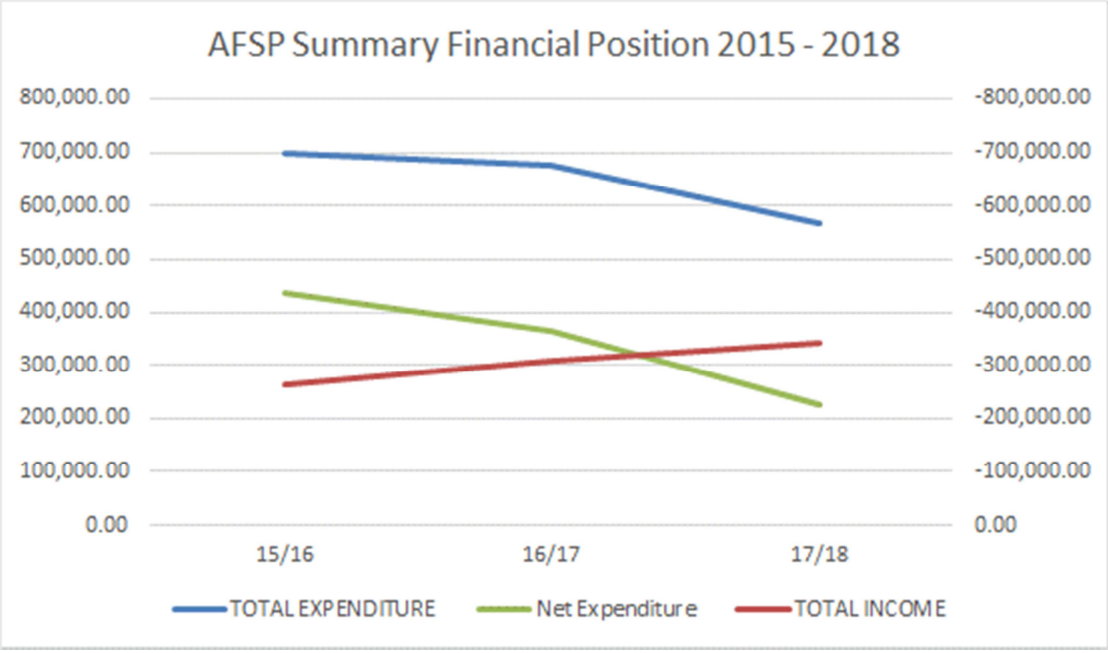


Figure 5: Abbey Fields Swimming Pool Financial Summary 2015 - 2018



6.14 Overall, the net expenditure position has improved since the commencement of the contract with SLM, and the operator's first full year accounts provide a reasonable indication of the likely ongoing financial performance of the existing facility albeit with a few adjustments as follows to account for 1st year mobilisation costs:

- Amendment of Salaries and Wages expenditure to £24,000 pcm (£288k per annum)
- Amendment of Employee Pension Payments to £4,000 pcm (£48k per annum)
- Reduction of Equipment Purchase costs by 65% (to account for 1st year equipment purchases)
- Reduction of Marketing Materials costs by £1,500 (to account for costs associated with contract launch events).

6.15 These adjustments to the operator's 2017/18 accounts will be made to provide baseline figures on which the commercial assessment of options can be built.

7. Subsidy Reduction Opportunities – Outdoor Pool Provision

7.1 As part of the review of options for the development of the site, the Council wishes to understand what subsidy reduction opportunities are available which can mitigate the costs associated with outdoor swimming pool provision.

7.2 SLC has consulted with the operator to explore the potential of programming and operational changes to reduce the subsidy associated with the existing, or any future, outdoor pool provision. This included the potential to generate additional income from the outdoor pool through programmed classes, swimming lessons and events and cost reduction opportunities through operational changes such as optimisation of staffing levels and reduction of opening hours.

7.3 The operator reported that additional income generating opportunities were very limited, primarily due to the inherent uncertainty caused by outdoor pools being so heavily dependent upon the weather. This makes programming additional swimming lessons and classes in the outdoor pool very difficult, as they cannot guarantee that weather conditions will be suitable.

7.4 Previous attempts have been made to run one-off events from the outdoor pool and whilst these can generate some additional ad hoc income, they don't provide a reliable ongoing revenue stream, often attract significant additional costs and again, are dependent upon the weather, making them high risk from a commercial perspective.

7.5 One of the biggest costs associated with the operation of the outdoor pool is staff, but the operator reports that costs have already been optimised in this area with lifeguard numbers linked to bather loads, so there are no potential savings in this area.

7.6 The only other significant operational changes which could meaningfully reduce costs, namely reduction of the pool temperature and / or reduction of opening hours, could also have a corresponding negative impact on usage and income generation. The potential financial impact of such measures would be very difficult to gauge, particularly as the impact on income would be dependent on the extent to which they were implemented (i.e. how much they were reduced by) and how this coincided with weather conditions in any given year. Given the impossibility of reliably estimating the impact of these kinds of changes, they have not been included in the commercial assessment of options.

7.7 Overall, the operator reported that the significant savings that could be achieved in relation to outdoor pool provision were likely to be energy savings achieved through investment in energy efficiency measures.

7.8 SLC has engaged commercial energy efficiency experts BSSEC, to provide high level advice on potential subsidy reduction measures related to the operation of an outdoor pool to inform the commercial assessment of options.

7.9 Unfortunately, the operator has been unable to provide sufficient gas consumption data for the site, and neither the gas nor electricity data is metered separately for the indoor and outdoor pools, making it impossible to provide reliable efficiency saving estimates.

7.10 BSSEC has, nonetheless, identified a number of opportunities to reduce costs, albeit without complete gas data and further surveys they are not at this stage able to meaningfully quantify the savings:

- **External pool covers.** Installation of external pool covers should be considered to reduce evaporation and heat loss.
- **Night set back pumping / water heating.** If a pool cover is fitted, a night set back operating procedure can be implemented as the pool will not cool down as quickly and will need less energy to maintain a steady state temperature. This could be achieved through time switching or using variable-speed drives (VSDs).
- **Review of maintenance regimes.** It is worthwhile reviewing the maintenance standard for the outdoor pool to ensure that all operations are energy efficient. It may be that filters could be changed more regularly.

7.11 BSSEC also identified opportunities to reduce costs relating to the operation of the indoor pool, although again, it has also been impossible to estimate an energy saving for these opportunities given the insufficient gas consumption data:

- **Night set back pumping / water heating / air handling.** As the indoor pool is provided with a cover, it is possible to reduce water pumping / heating and the air handling unit operation. This can be achieved by operating pumps, heating and ventilation on an intermittent timed basis or by reducing volume flow rates using VSDs.

- **LED Lighting.** LED lighting is now being rolled out across many leisure sites as a trusted energy saving solution. Energy savings for LED lighting can range between 30-50% in a leisure centre building.

7.12 Given the difficulties of trying to acquire energy data from the site operator, BSSEC's key observation is that either the energy management and data capture is poor or data handling is poor. The impact of this on the entire estate could be that all sites could be wasting 10-15% as energy is not being properly monitored or understood. Based on this site, for example, BSSEC suspect that overnight baseloads could be an issue. Improving energy management, data capture and / or data handling should be considered as an initial energy efficiency measure for the site.

8. Commercial Assessment of Options

8.1 SLC has developed a commercial assessment of the options for Abbey Fields Swimming Pool starting from the baseline position established from the operator's accounts from June 2017 – May 2018, as discussed in Section 6.

8.2 For the commercial assessment of Options 1 and X, increases or reductions have been applied to specific income and expenditure areas, based on assumptions informed by the review of the facility's financial data, consultation with the Council and the operator, understanding of need and latent demand and industry knowledge and experience.

8.3 As discussed in Section 7, the only meaningful subsidy reduction measures that could be implemented for the outdoor pool provision would be reduction of the pool temperature, reduction of opening hours and the implementation of energy efficiency measures. It is not possible to meaningfully quantify any of these measures: the first two could be applied to a greater or lesser extent within which there is a very broad range of implications which are also influenced by external factors; the third cannot be quantified without complete gas data which the operator has not been able to provide.

8.4 Furthermore, consultation with the operator has not revealed any clear opportunities to improve the overall financial performance of the outdoor pool. Income levels are highly weather dependent and this also impacts upon confidence (and risk) of additional programming of events and activities. SLM are already operating an optimal staffing regime linked to bather loads and so the opportunities to reduce expenditure, beyond the energy efficiency measures noted above, are minimal.

8.5 **It has therefore not been possible to provide a quantified commercial assessment for Option 2, albeit a range of potential subsidy reduction measures has been set out in Section 7.**

8.6 The assumptions upon which the commercial assessments for Option 1 and Option X are based are set out in the remainder of this section, followed by the findings of each commercial assessment. The commercial assessments are provided in full in Appendix 1. Income or expenditure increases or reductions are as a proportion of the baseline income or expenditure unless otherwise stated.

Option 1: Key Assumptions

8.7 The commercial assessment of Option 1 is based on two major site changes – the closure of the existing outdoor pool and the introduction of a new indoor teaching pool. The financial implications of each of these two changes has been considered separately and the assumptions linked to each are set out below.

Closure of the Outdoor Pool

- **Casual swimming income** - reduced by 20%. Based on an assessment of the proportion of annual casual swimming income which falls into the outdoor pool season, taking into account that there would also be increased use of an indoor pool at this time of year, primarily due to the school summer holidays.
- **Swimming lesson income –** reduced by c. £5k. Based on the number weekly lessons programmed for the outdoor pool, the length of the outdoor pool season, the capacity of each lesson, average yield and swimming lesson occupancy rate.
- **Salaries and wages –** reduced by c. £8.8k. Based on reduced lifeguard costs (estimated based on hourly rate and opening hours) and instructor costs (estimated on a cost per lesson basis).
- **National insurance, pension, employee related insurance, training and other employee costs –** reduced in proportion with reduction to salaries and wages.
- **Responsive repairs, Planned Preventative Maintenance, Service Costs and Other premises costs –** reduced by 25%. Based on an estimated 50% of total site costs relating specifically to the upkeep of the swimming pools. The outdoor pool makes up c. 50% of the total water space on site, hence an assumed reduction of 25%.
- **Pool treatment chemicals –** reduced by 20%. Based on the number of months in which the pool is open.
- **Cleaning materials –** reduced by 10%. Estimate based on reduction of overall site usage.
- **Electricity –** reduced by £3,300. Proportion of electricity costs attributed to the outdoor pool provision based on BSSEC's analysis of electricity data.
- **Gas –** reduced by 15%. High level estimate based on BSSEC's experience. It is not possible to provide a reliable estimate without complete gas data.
- **Water services –** reduced by 15%. High level estimate based on BSSEC's experience.
- **Equipment purchase –** reduced by 15%. Assumes some existing equipment is purchased specifically for use in the outdoor pool.

Installation of New Indoor Teaching Pool

- **Casual swimming income** - increased by 25%. Based on the introduction of more flexible programming of the main pool throughout the year due to the reduced demand on water space in the main pool from swimming lessons.
- **Swimming lesson income –** increased by c. £88k. Based on the number of weekly lessons typically programmed for an indoor teaching pool, a rolling annual programme, the capacity of each lesson, average yield and a swimming lesson occupancy rate in line with the existing programme.
- **Pool hire income -** increased by 25%. Based on the introduction of more flexible programming of the main pool throughout the year due to the reduced demand on water space in the main pool from swimming lessons and additional capacity to accommodate club, school and party hires.
- **Water-based fitness class income –** increased by 20%. Based on the introduction of more flexible programme of the main pool throughout the year due to the reduced

demand on water space in the main pool from swimming lessons which allows for the programming of more water-based fitness classes.

- **Sale of goods –** increased in proportion with the growth of swimming lesson income. The majority of these sales would be swimming aids and accessories linked to swimming lesson provision.
- **Salaries and wages –** increased by c. £24.3k. Based on increased lifeguard costs (estimated based on hourly rate and projected opening hours) and instructor costs for both swimming lessons and water-based fitness classes (estimated on a cost per lesson basis).
- **National insurance, pension, employee related insurance, training and other employee costs –** increased in proportion with increase to salaries and wages.
- **Responsive repairs, Planned preventative Maintenance, Service Costs and Other premises costs –** increased by 40% of the cost savings estimated as a result of the closure of the existing outdoor pool. Based on relative size, it would attract c. 50% of outdoor pool costs, but as a new build there would be a relative cost saving.
- **National Non-Domestic Rates –** increased by 15%. Estimate based on increased building footprint.
- **Pool treatment chemicals –** increased by 50% of costs estimated for the indoor pool only (i.e. after cost savings estimated as a result of the closure of the existing outdoor pool have been applied). Based on the relative size of the teaching pool compared with the main pool.
- **Cleaning materials –** increased by 20%. Estimate based on increase of overall site usage.
- **Electricity –** increased by 10% of costs estimated for the indoor pool only (i.e. after cost savings estimated as a result of the closure of the existing outdoor pool have been applied). Based on increased building footprint but assumes the installation of more energy efficient LED lighting.
- **Gas –** increased by 70% of costs estimated for the indoor pool only (i.e. after cost savings estimate as a result of the closure of the existing outdoor pool have been applied). High level estimate based on BSSEC's experience and the need to heat both additional indoor water space on a year-round basis and a larger pool hall. It is not possible to provide a reliable estimate without complete gas data.
- **Water services –** increase by 5% of current costs. High level estimate based on BSSEC's experience.
- **Items for resale** – increased in proportion with Sale of Goods income.
- **Equipment purchase –** increased by 7.5%.

Option X: Key Assumptions

8.8 The commercial assessment of Option X is also based on two major site changes – the closure of the existing outdoor pool and the introduction of a new 25m x 10m outdoor pool which would be heated and open only during the summer season. The financial implications of each of these changes has been considered separately. The assumptions linked to the closure of the outdoor pool are the same as those set out for Option 1 in Section 8.7 and those linked to the installation of a new 25m x 10m outdoor pool are set out below.

Installation of New 25m x 10m Outdoor Pool

- **Casual swimming income** - increased by 20%. Based on a similar level of water space overall compared with the current outdoor pool. Whilst the new configuration may appeal more to lane and fitness swimmers, the existing layout may be preferred by family users due to the more child-friendly water depth and pool configuration, resulting in **no overall net impact**.
- **Swimming lesson income –** increased by c. £9.9k. Based on a small increase in the number of weekly lessons compared with the existing outdoor pool (due to its more uniform shape and depths), the length of the outdoor pool season, the capacity of each lesson, average yield and swimming lesson occupancy rate.
- **Pool hire income -** increased by 10%. Based on some interest during season for swim club training hire and events e.g. galas and triathlons.
- **Sale of goods –** increased in proportion with growth of swimming lesson income. The majority of these sales would be swimming aids and accessories linked to swimming lesson provision.
- **Salaries and wages –** increased by c. £10.9k. Based on increased lifeguard costs associated with deeper water (estimated based on hourly rate, opening hours and on costs) and instructor costs (estimated on a cost per lesson basis).
- **National insurance, pension, employee related insurance, training and other employee costs –** increased in proportion with increase to salaries and wages.
- **Responsive repairs, Planned Preventative Maintenance, Service Costs and Other premises costs –** increased by 16.5%. Based on relative size, it would attract the same proportion of costs as the existing outdoor pool (25%), but as a new build there would be a relative cost saving in repairs and maintenance.
- **Pool treatment chemicals –** increased by 20%. Based on the number of months in which the pool is treated. No impact relative to the existing outdoor pool costs
- **Cleaning materials –** increased by 15%. Estimate based on increase of overall site usage.
- **Electricity –** increased by £3,300. No impact relative to the existing outdoor pool costs.
- **Gas –** reduced by 20% relative to existing outdoor pool costs which were estimated at 15% of baseline costs. High level estimate based on BSSEC's experience based on increased energy efficiency of a new build pool. It is not possible to provide a reliable estimate without complete gas data.
- **Water services –** increase by 15% of current costs. No saving when compared to existing outdoor pool costs.
- **Items for resale** – increased in proportion with Sale of Goods income.
- **Equipment purchase –** increased by 15%. No impact relative to the existing outdoor pool costs

Summary of Commercial Assessments

8.9 The overall findings of the commercial assessments can be seen in Figure 6. This shows that Option X offers a reduction in the net operating costs of c. £14k based on a modest increase in income and small expenditure savings. Option 1 offers a more significant reduction in net operating costs of c. £62k based on a substantial increase in income driven by the increase in

capacity and greater flexibility of programming. This is balanced somewhat by increased staffing costs linked to greater lifeguard and instructor requirements and premises costs resulting from year-round operation and greater energy demands.

8.10 As set out earlier, it has not been possible to provide a quantified commercial assessment for Option 2. One would expect there to be a reduced subsidy relative to the 2017/18 baseline as a result of energy efficiency measures but it is not possible to quantify this at this stage without robust consumption data.

8.11 As assumptions-based models, these commercial assessments should not be interpreted as a forecast of future performance, but rather as indicative assessments based on the best available data at the time of writing and subject to a number of external factors.

Figure 6: Summary of Commercial Assessments

Abbey Fields Swimming Pool Commercial Assessment of Future Options

Summary of Options

	17/18 Base	Option 1 Total	Option X Total
INCOME			
Swimming Casual	-£88,761	-£93,199	-£88,761
Swimming Lessons	-£157,411	-£240,540	-£162,343
Pool Hire	-£38,418	-£46,102	-£42,260
Health and Fitness Membership	-£17,707	-£17,707	-£17,707
Gym Casual	-£7,434	-£8,921	-£7,434
Sale of Goods	-£21,118	-£32,932	-£23,103
Other Income	-£12,887	-£12,887	-£12,887
Total Income	**-£343,737**	**-£452,288**	**-£354,495**
EXPENDITURE			
Wages & Salaries			
Total Salaries and Wages	£288,000	£318,552	£290,100
Employer's National Insurance	£16,796	£18,577	£16,918
Employer's Pension Payments	£48,000	£48,000	£48,000
Employee-related Insurance	£2,760	£3,053	£2,780
Training	£1,078	£1,192	£1,086
Other Employee Costs	£3,278	£3,625	£3,302
Total Employee Costs	**£359,911**	**£393,000**	**£362,186**
Premises			
Responsive repairs	£18,773	£15,957	£17,177
Planned Preventative Mainten.	£11,872	£10,091	£10,863
National Non-Domestic Rates	£7,217	£8,299	£7,217
Pool Treatment Chemicals	£4,025	£4,830	£4,025
Cleaning Materials	£2,078	£2,286	£2,182
Electricity	£31,097	£30,577	£31,097
Gas	£24,686	£35,672	£23,946
Water Services	£15,848	£14,263	£15,848
Other Premises Costs	£1,426	£1,212	£1,305
Total Premises Costs	**£117,022**	**£123,187**	**£113,659**
Other Costs			
Transport Costs	£6,614	£6,614	£6,614
Items for resale	£15,745	£24,553	£14,265
Equipment Purchase	£2,779	£2,570	£2,779
Other Insurances	£867	£867	£867
Service Contracts	£7,548	£6,415	£6,906
Marketing Materials	£8,623	£8,623	£8,623
Office Supplies	£13,172	£13,172	£13,172
Catering Supplies	-£416	-£416	-£416
Other Costs	£7,061	£7,061	£7,061
Total Other Costs	**£61,992**	**£69,460**	**£59,871**
Expenditure	**£538,926**	**£585,647**	**£535,716**
Net Operating Cost (Income Less Expenditure)	**£195,189**	**£133,359**	**£181,221**

9. Conclusions and Recommendations

9.1 Overall, based on this assessment, Option 1 would be the most appropriate option for the site. An indoor teaching pool has the potential to deliver significant increases in usage levels by increasing capacity year-round. This facility would provide additional capacity not only for children's swimming lessons, for which there is identified latent demand, and school hire but would also increase the flexibility of the main swimming pool to allow for more casual swimming, club hires, water-based fitness classes and private hires (e.g. birthday parties).

9.2 Whilst an outdoor pool provides a more unusual facility which can provide significant enjoyment to residents during the seasonal summer opening, it comes at a high relative cost and is highly weather dependent.

9.3 The Council's Indoor Sports Strategy suggests that the existing facility is operating above comfortable capacity currently and that this will be exacerbated by population growth in the area by 2029. Only additional indoor pool provision can meaningfully contribute to alleviating this pressure on existing supply.

9.4 Whilst Restore Kenilworth Lido have pointed out that outdoor pool provision can operate sustainably, this is only really the case in a few exceptional circumstances where significant additional income streams can cross-subsidise the facility. This is not the case at Abbey Fields Swimming Pool, and in fact the commercial assessments suggest that all of the options can offer, at best, a reduction in net operating costs rather than a net surplus when using 2017/18 figures as a baseline.

9.5 Of the three options explored, Option 1 has the greatest impact on the bottom line, reducing net expenditure by over 30%. Energy efficiency savings have the potential to reduce this further subject to further analysis and the availability of more complete data.

The Sport, Leisure and Culture Consultancy

November 2018

Appendix 1 – Commercial Assessment of Options

Abbey Fields Swimming Pool Commercial Assessment of Future Options

Option 1 - New Indoor Teaching Pool and Closure of Outdoor Pool

	17/18 Base	Closure of Outdoor Pool	New Indoor Teaching Pool	Option 1 Total
	£	£	£	£
INCOME				
Swimming Casual	-£88,761	£17,752	-£22,190	-£93,199
Swimming Lessons	-£157,411	£4,931	-£88,060	-£240,540
Pool Hire	-£38,418	£0	-£7,684	-£46,102
Health and Fitness Membership	-£17,707	£0	£0	-£17,707
Gym Casual	-£7,434	£0	-£1,487	-£8,921
Sale of Goods	-£21,118	£0	-£11,814	-£32,932
Other Income	-£12,887	£0	£0	-£12,887
Total Income	**-£343,737**	**£22,684**	**-£131,235**	**-£452,288**
EXPENDITURE				
Wages & Salaries				
Total Salaries and Wages	£288,000	-£8,765	£39,318	£318,552
Employer's National Insurance	£16,796	-£511	£2,293	£18,577
Employer's Pension Payments	£48,000	£0	£0	£48,000
Employee-related Insurance	£2,760	-£84	£377	£3,053
Training	£1,078	-£33	£147	£1,192
Other Employee Costs	£3,278	-£100	£447	£3,625
Total Employee Costs	**£359,911**	**-£9,493**	**£42,582**	**£393,000**
Premises				
Responsive repairs	£18,773	-£4,693	£1,877	£15,957
Planned Preventative Mainten.	£11,872	-£2,968	£1,187	£10,091
National Non-Domestic Rates	£7,217	£0	£1,082	£8,299
Pool Treatment Chemicals	£4,025	-£805	£1,610	£4,830
Cleaning Materials	£2,078	-£208	£416	£2,286
Electricity	£31,097	-£3,300	£2,780	£30,577
Gas	£24,686	-£3,703	£14,688	£35,672
Water Services	£15,848	-£2,377	£792	£14,263
Other Premises Costs	£1,426	-£357	£143	£1,212
Total Premises Costs	**£117,022**	**-£18,411**	**£24,576**	**£123,187**
Other Costs				
Transport Costs	£6,614	£0	£0	£6,614
Items for resale	£15,745	£0	£8,808	£24,553
Equipment Purchase	£2,779	-£417	£208	£2,570
Other Insurances	£867	£0	£0	£867
Service Contracts	£7,548	-£1,887	£755	£6,415
Marketing Materials	£8,623	£0	£0	£8,623
Office Supplies	£13,172	£0	£0	£13,172
Catering Supplies	-£416	£0	£0	-£416
Other Costs	£7,061	£0	£0	£7,061
Total Other Costs	**£61,992**	**-£2,304**	**£9,771**	**£69,460**
Expenditure	**£538,926**	**-£30,208**	**£76,929**	**£585,647**
Net Operating Cost (Income Less Expenditure)	**£195,189**	**-£7,524**	**-£54,306**	**£133,359**

Abbey Fields Swimming Pool Commercial Assessment of Future Options

Option X - New 25m x 10m Outdoor Pool and Closure of Freeform Outdoor Pool with consideration of subsidy reduction measures

	17/18 Base	Closure of Outdoor Pool	New Outdoor Pool	Option X Total
	£	£	£	£
INCOME				
Swimming Casual	-£88,761	£17,752	-£17,752	-£88,761
Swimming Lessons	-£157,411	£4,931	-£9,863	-£162,343
Pool Hire	-£38,418	£0	-£3,842	-£42,260
Health and Fitness Membership	-£17,707	£0	£0	-£17,707
Gym Casual	-£7,434	£0	£0	-£7,434
Sale of Goods	-£21,118	£0	-£1,985	-£23,103
Other Income	-£12,887	£0	£0	-£12,887
Total Income	**-£343,737**	**£22,684**	**-£33,442**	**-£354,495**
EXPENDITURE				
Wages & Salaries				
Total Salaries and Wages	£288,000	-£8,765	£10,865	£290,100
Employer's National Insurance	£16,796	-£511	£634	£16,918
Employer's Pension Payments	£48,000	£0	£0	£48,000
Employee-related Insurance	£2,760	-£84	£104	£2,780
Training	£1,078	-£33	£41	£1,086
Other Employee Costs	£3,278	-£100	£124	£3,302
Total Employee Costs	**£359,911**	**-£9,493**	**£11,768**	**£362,186**
Premises				
Responsive repairs	£18,773	-£4,693	£3,098	£17,177
Planned Preventative Mainten.	£11,872	-£2,968	£1,959	£10,863
National Non-Domestic Rates	£7,217	£0	£0	£7,217
Pool Treatment Chemicals	£4,025	-£805	£805	£4,025
Cleaning Materials	£2,078	-£208	£312	£2,182
Electricity	£31,097	-£3,300	£3,300	£31,097
Gas	£24,686	-£3,703	£2,962	£23,946
Water Services	£15,848	-£2,377	£2,377	£15,848
Other Premises Costs	£1,426	-£357	£235	£1,305
Total Premises Costs	**£117,022**	**-£18,411**	**£15,048**	**£113,659**
Other Costs				
Transport Costs	£6,614	£0	£0	£6,614
Items for resale	£15,745	£0	-£1,480	£14,265
Equipment Purchase	£2,779	-£417	£417	£2,779
Other Insurances	£867	£0	£0	£867
Service Contracts	£7,548	-£1,887	£1,245	£6,906
Marketing Materials	£8,623	£0	£0	£8,623
Office Supplies	£13,172	£0	£0	£13,172
Catering Supplies	-£416	£0	£0	-£416
Other Costs	£7,061	£0	£0	£7,061
Total Other Costs	**£61,992**	**-£2,304**	**£182**	**£59,871**
Expenditure	**£538,926**	**-£30,208**	**£26,998**	**£535,716**
Net Operating Cost (Income Less Expenditure)	**£195,189**	**-£7,524**	**-£6,444**	**£181,221**