MAX Associates

Gedling Borough Council

Business Plan Report

Carlton Forum Leisure Centre/Richard Herrod Centre

2025

CONTENTS

1. Introduction

1.1. Max Associates has been commissioned to produce an updated Leisure Strategy and Revenue Business Plan for any proposed development in Carlton.

1.2. An updated Leisure Strategy has been produced, which incorporates stages 1-8 from the methodology opposite. The Strategy proposes that a new leisure centre is built to replace the existing Carlton Forum Leisure Centre and Richard Herrod Centre.

1.3. The proposed facility mix is:

- 8 lane main pool
- Teaching pool
- Gym – circa 100 stations
- Assisted Exercise Suite
- 2 x group Exercise Studios
- Spin Studio
- Community Room – available for a range of sporting/non-sporting activities, community hire, family hub etc.
- Café linked to reception
- 3G All-weather pitch

1.4. Additional options:

- Soft Play aimed at under 8's
- 6 rink indoor bowls facility

1.5. It is recommended that the sports hall and squash facilities remain at the school site, and the Council works with the school to form a community use agreement for these facilities.

1.6. Throughout the development of the Leisure Strategy there has been significant engagement with Gedling Indoor Bowls Club, who are currently located at Richard Herrod Centre. The feasibility options have been developed including and excluding a six rink indoor bowls facility.

1.7. Both Carlton Forum Leisure Centre and Richard Herrod Centre are currently managed in-house by Gedling Borough Council, which has three other centres including: Arnold Leisure Centre, Redhill Leisure Centre and Calverton Leisure Centre.

1.8. In considering the investment opportunity in Carlton, the condition of the existing leisure centre building has been taken into account. The table below outlines the known lifecycle and maintenance works that are required for the current centre to remain operational.

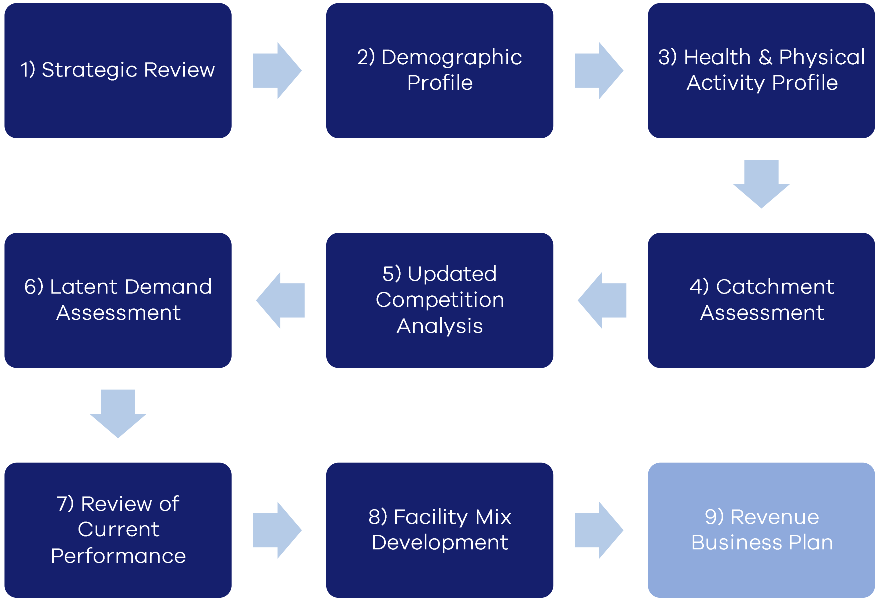
Table 1 - Known lifecycle & Maintenance Costs for Carlton Forum Leisure Centre

Investment area	Action Required	Estimated Cost
Drains	Ongoing flushing (excavating and repair not possible) Full centre drain re-lining	£24k per annum £109k every 2 years
Air handling	All 4 need replacing over next 5-10 years	£120k per unit
Pool Plant	Age based maintenance repairs	£85k over last 5 years – expected to increase
Pool re-tiling	Full re-tiling required in next 5-10 years	£220k

Investment area	Action Required	Estimated Cost
Fitness Suite	Full refurbishment required in 2027	£350k
Fixed electrical works	System will need upgrading	£285k
General repairs & maintenance	Additional ground work R&M costs	£30k £180k over last 5 years – expected to increase
Boilers	Need replacing in next 10 years	£150k
Security Costs	Continued investment in security guards	£75k per annum

1.9. The following methodology has been implemented to complete the feasibility.

Figure 1 – Methodology



1.10. To understand the revenue impact of the bowls and soft play, business plans have been produced for the following options:

1. Without Indoor Bowls and Soft Play
2. Indoor Bowls Only
3. Soft Play Only
4. Including Indoor Bowls and Soft Play

2. Revenue Business Plan

2.1. When projecting potential income streams, the following has been considered:

- A review of the financial performance of the existing Carlton Forum Leisure Centre and Richard Herrod Centre in 2023/24 and 2024/25;
- benchmarked income and expenditure using Moving Communities database[1] and Max Associates internal financial performance database;
- recommendations and findings of the updated Leisure Strategy report;
- commercial assessment of latent demand for fitness[2], so growth in the centre's membership could be projected;
- demographic and catchment analysis;
- membership pricing;
- pricing structures for casual use; and
- competition and comparable facility review.

2.2. Expenditure projections are based on the following:

- Staffing resource and costs, taking into account existing structures, pay grades and on-costs;
- industry rates for R&M and utilities given the meter square size of the proposed new building;
- costs above the rate of inflation have been included for utilities given the volatility of the market; and
- industry standards for other areas of expenditure including marketing and cost of sales.

2.3. Year one is based on 2025/26 prices. Increases for inflation have not been included within the projections at this stage (except for costs over and above inflation as per above).

2.4. Opening hours – the core opening hours for the new centre are set out in the table overleaf.

[1] https://movingcommunities.org

[2] Undertaken by Leisure Database Company

Table 2 – Opening Hours

OPENING HOURS				Total Hours
		Open	Close	
Reception	M-F	07:00 AM	09:30 PM	92:30
	S/S	08:00 AM	06:00 PM	
Fitness Suite	M-F	07:00 AM	10:00 PM	95:00
	S/S	08:00 AM	06:00 PM	
Main Pool	M-F	07:00 AM	10:00 PM	95:00
	S/S	08:00 AM	06:00 PM	
Learner Pool	M-F	09:00 AM	08:00 PM	75:00
	S/S	08:00 AM	06:00 PM	
Soft Play	M-F	10:00 AM	06:00 PM	58:00
	S/S	10:00 AM	06:00 PM	
Cafe	M-F	10:00 AM	06:00 PM	56:00
	S/S	10:00 AM	06:00 PM	

2.5. **Pricing** – The key prices are based on existing Gedling Council's pricing policies and membership packages. Soft Play entry has been priced at £5.00 per child.

2.6. Income and Expenditure Summary

2.6.1. The tables overleaf provide a summary of the income and expenditure projections for the first five years of operation for each of the four options. Year five is anticipated to be a mature year of operation. The table includes the combined 2024/25 actuals for the existing Carlton Forum Leisure Centre and Richard Herrod Centre for comparison.

2.6.2. All options are expected to operate at a surplus by year five, however all options will require a subsidy in year one.

Table 3 – Option 1 - Income and Expenditure Summary

SUMMARY	CF & RHC 2024/25 Actuals	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME						
Health & Fitness Memberships	753,970	963,208	1,117,786	1,159,755	1,175,307	1,175,180
Fitness casual	0	24,150	24,150	24,150	24,150	24,150
Group Exercise Casual	2,588	40,425	40,425	40,425	40,425	40,425
Assisted Exercise Suite	0	38,251	65,346	79,512	83,492	83,445
Swimming Casual	150,366	155,111	163,275	163,275	163,275	163,275
Swimming Lessons	686,131	698,796	698,796	698,796	698,796	698,796
Swimming Hire and other	0	80,136	89,040	89,040	89,040	89,040
Bowls Hall Rent	78,004	0	0	0	0	0
Community Room Hire	57,988	79,063	79,063	79,063	79,063	79,063
Outdoor - 3G Pitch	0	88,356	98,173	98,173	98,173	98,173
Secondary	152,706	175,022	196,968	202,561	204,474	204,461
Miscellaneous	164,974	0	0	0	0	0
Other income (not transferring)	125,648	0	0	0	0	0
TOTAL INCOME	**2,172,376**	**2,342,518**	**2,573,022**	**2,634,750**	**2,656,195**	**2,656,007**
EXPENDITURE						
Salaries	1,401,135	1,611,480	1,611,480	1,611,480	1,611,480	1,611,480
Utilities	312,697	196,605	200,537	204,548	208,639	212,812
NNDR	158,886	100,000	100,000	100,000	100,000	100,000
Insurance	25,927	0	0	0	0	0
Repairs & Maintenance	119,898	49,151	65,535	65,535	65,535	65,535
Grounds Maintenance	5,778	9,500	9,500	9,500	9,500	9,500
Cleaning	9,983	8,738	8,738	8,738	8,738	8,738
Equipment	70,989	21,845	21,845	21,845	21,845	21,845
Other Supplies	30,134	23,425	25,730	26,348	26,562	26,560
Advertising & Marketing	37,035	85,138	38,595	39,521	39,843	39,840
I.T & Communications	100,389	46,850	51,460	52,695	53,124	53,120
Other Administration	123,606	32,230	32,230	32,230	32,230	32,230
Costs of Sales	0	87,511	98,484	101,280	102,237	102,231
Capital Costs	109,979	0	0	0	0	0
Irrecoverable VAT	0	0	0	0	0	0
Other	66,302	0	0	0	0	0
TOTAL EXPENDITURE	**2,572,738**	**2,272,473**	**2,264,135**	**2,273,720**	**2,279,733**	**2,283,890**
Central Costs	175,869	175,869	175,869	175,869	175,869	175,869
SURPLUS / DEFICIT	**-576,231**	**-105,824**	**133,018**	**185,161**	**200,594**	**196,248**
3G Pitch Sinking Fund		**27,000**	**27,000**	**27,000**	**27,000**	**27,000**
SURPLUS / DEFICIT	**-576,231**	**-132,824**	**106,018**	**158,161**	**173,594**	**169,248**

Table 4 – Option 2 - Income & Expenditure Summary

SUMMARY	CF & RHC 2024/25 Actuals	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME						
Health & Fitness Memberships	753,970	963,208	1,117,786	1,159,755	1,175,307	1,175,180
Fitness casual	0	24,150	24,150	24,150	24,150	24,150
Group Exercise Casual	2,588	40,425	40,425	40,425	40,425	40,425
Assisted Exercise Suite	0	38,251	65,346	79,512	83,492	83,445
Swimming Casual	150,366	155,111	163,275	163,275	163,275	163,275
Swimming Lessons	686,131	698,796	698,796	698,796	698,796	698,796
Swimming Hire and other	0	80,136	89,040	89,040	89,040	89,040
Bowls Hall Rent	78,004	80,000	80,000	80,000	80,000	80,000
Community Room Hire	57,988	79,063	79,063	79,063	79,063	79,063
Outdoor - 3G Pitch	0	88,356	98,173	98,173	98,173	98,173
Secondary	152,706	204,624	229,314	235,606	237,759	237,744
Miscellaneous	164,974	0	0	0	0	0
Other income (not transferring)	125,648	0	0	0	0	0
TOTAL INCOME	**2,172,376**	**2,452,120**	**2,685,368**	**2,747,795**	**2,769,479**	**2,769,290**
EXPENDITURE						
Salaries	1,401,135	1,626,031	1,626,031	1,626,031	1,626,031	1,626,031
Utilities	312,697	238,605	243,377	248,245	253,210	258,274
NNDR	158,886	132,044	132,044	132,044	132,044	132,044
Insurance	25,927	0	0	0	0	0
Repairs & Maintenance	119,898	74,351	99,135	99,135	99,135	99,135
Grounds Maintenance	5,778	9,500	9,500	9,500	9,500	9,500
Cleaning	9,983	8,738	8,738	8,738	8,738	8,738
Equipment	70,989	21,845	21,845	21,845	21,845	21,845
Other Supplies	30,134	23,721	26,054	26,678	26,895	26,893
Advertising & Marketing	37,035	85,582	39,081	40,017	40,342	40,339
I.T & Communications	100,389	47,442	52,107	53,356	53,790	53,786
Other Administration	123,606	32,521	32,521	32,521	32,521	32,521
Costs of Sales	0	102,312	114,657	117,803	118,879	118,872
Capital Costs	109,979	0	0	0	0	0
Irrecoverable VAT	0	0	0	0	0	0
Other	66,302	0	0	0	0	0
TOTAL EXPENDITURE	**2,572,738**	**2,402,693**	**2,405,090**	**2,415,912**	**2,422,929**	**2,427,978**
Central Costs	175,869	175,869	175,869	175,869	175,869	175,869
SURPLUS / DEFICIT	**-576,231**	**-126,441**	**104,410**	**156,014**	**170,682**	**165,444**
3G Pitch Sinking Fund		**27,000**	**27,000**	**27,000**	**27,000**	**27,000**
SURPLUS / DEFICIT	**-576,231**	**-153,441**	**77,410**	**129,014**	**143,682**	**138,444**

Table 5 – Option 3 - Income & Expenditure Summary

SUMMARY	CF & RHC 2024/25 Actuals	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME						
Health & Fitness Memberships	753,970	963,208	1,117,786	1,159,755	1,175,307	1,175,180
Fitness casual	0	24,150	24,150	24,150	24,150	24,150
Group Exercise Casual	2,588	40,425	40,425	40,425	40,425	40,425
Assisted Exercise Suite	0	38,251	65,346	79,512	83,492	83,445
Swimming Casual	150,366	155,111	163,275	163,275	163,275	163,275
Swimming Lessons	686,131	698,796	698,796	698,796	698,796	698,796
Swimming Hire and other	0	80,136	89,040	89,040	89,040	89,040
Bowls Hall Rent	78,004	0	0	0	0	0
Community Room Hire	57,988	79,063	79,063	79,063	79,063	79,063
Soft Play	0	133,146	121,042	121,042	121,042	121,042
Outdoor - 3G Pitch	0	88,356	98,173	98,173	98,173	98,173
Secondary	152,706	237,470	253,739	259,332	261,245	261,232
Miscellaneous	164,974	0	0	0	0	0
Other income (not transferring)	125,648	0	0	0	0	0
TOTAL INCOME	**2,172,376**	**2,538,111**	**2,750,835**	**2,812,563**	**2,834,008**	**2,833,820**
EXPENDITURE						
Salaries	1,401,135	1,643,700	1,643,700	1,643,700	1,643,700	1,643,700
Utilities	312,697	203,355	207,422	211,571	215,802	220,118
NNDR	158,886	103,433	103,433	103,433	103,433	103,433
Insurance	25,927	0	0	0	0	0
Repairs & Maintenance	119,898	50,839	67,785	67,785	67,785	67,785
Grounds Maintenance	5,778	9,500	9,500	9,500	9,500	9,500
Cleaning	9,983	9,038	9,038	9,038	9,038	9,038
Equipment	70,989	22,595	22,595	22,595	22,595	22,595
Other Supplies	30,134	25,381	27,508	28,126	28,340	28,338
Advertising & Marketing	37,035	88,072	41,263	42,188	42,510	42,507
I.T & Communications	100,389	50,762	55,017	56,251	56,680	56,676
Other Administration	123,606	32,874	32,874	32,874	32,874	32,874
Costs of Sales	0	118,735	126,869	129,666	130,623	130,616
Capital Costs	109,979	0	0	0	0	0
Irrecoverable VAT	0	0	0	0	0	0
Other	66,302	0	0	0	0	0
TOTAL EXPENDITURE	**2,572,738**	**2,358,284**	**2,347,005**	**2,356,727**	**2,362,881**	**2,367,182**
Central Costs	175,869	175,869	175,869	175,869	175,869	175,869
SURPLUS / DEFICIT	**-576,231**	**3,958**	**227,961**	**279,967**	**295,258**	**290,769**
3G Pitch Sinking Fund		**27,000**	**27,000**	**27,000**	**27,000**	**27,000**
SURPLUS / DEFICIT	**-576,231**	**-23,042**	**200,961**	**252,967**	**268,258**	**263,769**

Table 6 – Option 4 - Income & Expenditure Summary

SUMMARY	CF & RHC 2024/25 Actuals	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME						
Health & Fitness Memberships	753,970	963,208	1,117,786	1,159,755	1,175,307	1,175,180
Fitness casual	0	24,150	24,150	24,150	24,150	24,150
Group Exercise Casual	2,588	40,425	40,425	40,425	40,425	40,425
Assisted Exercise Suite	0	38,251	65,346	79,512	83,492	83,445
Swimming Casual	150,366	155,111	163,275	163,275	163,275	163,275
Swimming Lessons	686,131	698,796	698,796	698,796	698,796	698,796
Swimming Hire and other	0	80,136	89,040	89,040	89,040	89,040
Bowls Hall Rent	78,004	80,000	80,000	80,000	80,000	80,000
Community Room Hire	57,988	79,063	79,063	79,063	79,063	79,063
Soft Play	0	137,729	125,208	125,208	125,208	125,208
Outdoor - 3G Pitch	0	88,356	98,173	98,173	98,173	98,173
Secondary	152,706	269,364	288,168	294,460	296,613	296,598
Miscellaneous	164,974	0	0	0	0	0
Other income (not transferring)	125,648	0	0	0	0	0
TOTAL INCOME	**2,172,376**	**2,654,589**	**2,869,431**	**2,931,858**	**2,953,542**	**2,953,352**
EXPENDITURE						
Salaries	1,401,135	1,665,073	1,665,073	1,665,073	1,665,073	1,665,073
Utilities	312,697	245,355	250,262	255,267	260,373	265,580
NNDR	158,886	135,477	135,477	135,477	135,477	135,477
Insurance	25,927	0	0	0	0	0
Repairs & Maintenance	119,898	76,039	101,385	101,385	101,385	101,385
Grounds Maintenance	5,778	9,500	9,500	9,500	9,500	9,500
Cleaning	9,983	11,838	11,838	11,838	11,838	11,838
Equipment	70,989	22,595	22,595	22,595	22,595	22,595
Other Supplies	30,134	25,746	27,894	28,519	28,735	28,734
Advertising & Marketing	37,035	88,619	41,841	42,778	43,103	43,100
I.T & Communications	100,389	51,492	55,789	57,037	57,471	57,467
Other Administration	123,606	33,301	33,301	33,301	33,301	33,301
Costs of Sales	0	134,682	144,084	147,230	148,306	148,299
Capital Costs	109,979	0	0	0	0	0
Irrecoverable VAT	0	0	0	0	0	0
Other	66,302	0	0	0	0	0
TOTAL EXPENDITURE	**2,572,738**	**2,499,716**	**2,499,040**	**2,510,000**	**2,517,158**	**2,522,349**
Central Costs	175,869	175,869	175,869	175,869	175,869	175,869
SURPLUS / DEFICIT	**-576,231**	**-20,996**	**194,522**	**245,989**	**260,516**	**255,134**
3G Pitch Sinking Fund		**27,000**	**27,000**	**27,000**	**27,000**	**27,000**
SURPLUS / DEFICIT	**-576,231**	**-47,996**	**167,522**	**218,989**	**233,516**	**228,134**

2.7. Usage

2.7.1. Usage projections for each facility area are set out below in comparison to 2024/25. The usage for 2024/25 excludes the sports hall and squash facilities which will remain at the school.

Table 7 – Option 1 - Five-Year Usage Summary

USAGE	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	170,490	299,819	340,919	353,619	358,240	358,208
Assisted Exercise Suite	0	10,316	18,812	22,891	24,010	24,003
Swimming	173,250	129,769	144,187	144,187	144,187	144,187
Bowls	0	0	0	0	0	0
Outdoor	0	16,412	18,235	18,235	18,235	18,235
Other Dryside	42,884	68,750	68,750	68,750	68,750	68,750
TOTAL	**386,624**	**525,065**	**590,904**	**607,683**	**613,423**	**613,383**

Table 8 – Option 2 Five-Year Usage Summary

USAGE	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	170,490	299,819	340,919	353,619	358,240	358,208
Assisted Exercise Suite	0	10,316	18,812	22,891	24,010	24,003
Swimming	173,250	129,769	144,187	144,187	144,187	144,187
Bowls	20,600	20,600	20,600	20,600	20,600	20,600
Outdoor	0	16,412	18,235	18,235	18,235	18,235
Other Dryside	42,884	68,750	68,750	68,750	68,750	68,750
TOTAL	**407,224**	**545,665**	**611,504**	**628,283**	**634,023**	**633,983**

Table 9 – Option 3 - Five-Year Usage Summary

USAGE	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	170,490	299,819	340,919	353,619	358,240	358,208
Assisted Exercise Suite	0	10,316	18,812	22,891	24,010	24,003
Swimming	173,250	129,769	144,187	144,187	144,187	144,187
Bowls	20,600	0	0	0	0	0
Adventure Play	0	29,975	27,250	27,250	27,250	27,250
Outdoor	0	16,412	18,235	18,235	18,235	18,235
Other Dryside	42,884	68,750	68,750	68,750	68,750	68,750
TOTAL	**407,224**	**555,040**	**618,154**	**634,933**	**640,673**	**640,633**

Table 10 – Option 4 - Five-Year Usage Summary

USAGE	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	170,490	299,819	340,919	353,619	358,240	358,208
Assisted Exercise Suite	0	10,316	18,812	22,891	24,010	24,003
Swimming	173,250	129,769	144,187	144,187	144,187	144,187
Bowls	20,600	20,600	20,600	20,600	20,600	20,600
Adventure Play	0	31,075	28,250	28,250	28,250	28,250
Outdoor	0	16,412	18,235	18,235	18,235	18,235
Other Dryside	42,884	68,750	68,750	68,750	68,750	68,750
TOTAL	**407,224**	**576,740**	**639,754**	**656,533**	**662,273**	**662,233**

2.8. Income Assumptions

2.8.1. The key usage and income assumptions are set out below.

2.8.2. Fitness Memberships

2.8.3. A commercial assessment for the latent demand for memberships was commissioned from the Leisure Database Company.

2.8.4. There is total demand for just over 3,053 members within the catchment area.

2.8.5. The membership prices are £34 per month or £374 annually, there are also concession memberships. It is assumed that the new leisure centre will operate at a gross yield of £32 per member (10% increase on existing yield), with the significantly improved facilities in the new centre. This yield has been used to project membership income.

2.8.6. Membership sales have been built up over the first three years, with attrition included at 5% per month.

2.8.7. The largest growth of new members has been planned over the first two years.

Table 11 – Fitness Membership Projections

	Current/ Pre-sale	Year 1	Year 2	Year 3	Year 4	Year 5
Members	2,100	2,789	2,956	3,053	3,053	3,053

2.8.8. It is projected that membership base will generate £1.17m in a mature year.

2.8.9. It is also projected that there will be casual use of the fitness facilities. Total casual income is projected to be £24k per annum.

2.8.10. Assisted Exercise Suite

2.8.11. It is assumed that this facility would have its own membership, costing £27 per month, in line with the Council's concessionary membership option.

2.8.12. A pre-sale of 50 memberships is assumed reaching 165 members by the end of year one, 227 members by the end of year two and 250 members in a mature year.

2.8.13. This equates to annual income of £83k in a mature year.

2.8.14. Group Exercise

2.8.15. The plans provide two studios with a capacity of 45 and 30 people each and a separate spin studio with 20 bikes. A programme of 50 classes per week has been assumed. Average occupancy of classes is projected to be 60% for off-peak and 85% for peak classes. Access to classes will be included within the all-inclusive membership. It is projected that of all users 10% will be casual, generating income of £40k per annum.

2.8.16. **Swimming**

2.8.17. The facility planning model completed for the Built Facility Strategy in 2023 highlighted that Carlton has the highest level of demand in Gedling. The proposed new pool is an 8-lane 25m pool with a 10m x 8m teaching pool.

2.8.18. **Casual Swimming and Swimming Hire**

2.8.19. Total casual usage is assumed at 33,487 in a mature year, with additional usage of 12,000 from clubs, school swimming and parties.

2.8.20. Total swimming income across these two streams is £252k in a mature year.

2.8.21. The review of current performance highlighted that the existing pool is performing very well with a very high income per m^2, therefore, whilst some growth in casual income is expected due to the new facility, total growth is limited.

2.8.22. **Swimming Lessons**

2.8.23. Carlton Forum Leisure Centre already has a strong swimming lesson programme, generating lesson income of £1,661 per m^2, therefore it is assumed that this programme will transfer over to the new pool. As this is at the top end of benchmarks, a small growth in swimming lesson income is assumed, however, overall it leads to a slight reduction per m^2 due to the increased water space.

2.8.24. Total income is projected to increase from £686k (2024/25 actuals) at the existing centre to £698k at the new centre. As growth is limited it is expected to be achieved within the first year of operation. This equates to circa 2,050 pupils, which is within targets set by Big Wave, who provide programming and marketing support for swimming lessons. Maximum capacity of the swimming lessons is projected to be c.2,300, therefore the business plan projects operating at just over 85% occupancy.

2.8.25. **Community Room**

2.8.26. It is assumed that this facility will be available to hire for sporting and non-sporting activities. It will be a key facility for the delivery of health and wellbeing programmes and partnership work with local stakeholders.

2.8.27. The cost of hire is assumed at £69 per hour in line with current prices and occupancy is assumed at 40% during peak hours and 25% during off peak hours, generating total net income of £79k per annum.

2.8.28. **3G Pitch**

2.8.29. It is assumed the income will predominantly come from pitch hire by local clubs, however there will be some children's courses delivered directly by the centre (six hours per week assumed).

2.8.30. 12 hours per week club use has been assumed with casual/one-off bookings available outside these hours.

2.8.31. Total income is projected to be £98k per annum.

2.8.32. **Indoor Bowls (Options 2 and 4 only)**

2.8.33. In line with the clubs proposed business plan, rent for the indoor bowls facility is in line with existing rent at £80k per annum.

2.8.34. **Soft Play (options 3 and 4 only)**

2.8.35. It is assumed that the soft play will have a capacity of 50 and will operate at an average utilisation rate of 20%. Pricing is assumed at £5 per child, which has been compared to local compeition. Party income is also included with an average of three parties per week.

2.8.36. Total income is projected to be £121k, with annual usage of 27,250. A slightly higher income is assumed in year one with it settling from year two onwards.

2.8.37. Of the casual users it is assumed that on average people will visit once every two months, which equates to 4,333 unique users. Within a 20 minute drive time there are 46,892 0-10 year olds, suggesting a penetration rate of 9%.

2.8.38. **Secondary income – Retail & Vending**

2.8.39. It is assumed that a good quality wet retail offer will be provided, with a retail spend of 5p per head included in the business plan.

2.8.40. Catering/vending spend per head varies slightly for each option based on the facility mix, as set out below. Where bowls is included the spend per head is expected to increase.

Table 12 – Secondary Spend per Head

Option	Spend per head	Total Net Catering/Vending Income
Option 1 – Excl. Bowls and Soft Play	Centre users - £0.35	£178,903
Option 2 – Bowls Only	Centre users - £0.40	£211,328
Option 3 – Soft Play Only	Centre users - £0.35 Soft Play Users - £2.50	£235,674
Option 4 – Incl. Bowls & Soft Play	Centre users - £0.40 Soft Play Users - £2.50	£270,182

2.9. Expenditure Assumptions

2.9.1. Staffing Structures and Costs

2.9.2. The total staffing budget of £1.6m is based on the staffing structure set out in the table below. The senior management roles are apportioned in line with existing arrangements.

Table 13 – Option 1 - Staff Full Time Equivalents

Designation	Salary (£)	Total Salary (£)	FTE	Total Cost (£)
Centre Manager	39,228	58,713	1.00	58,713
Leisure Business Strategy Manager	41,771	62,519	0.25	15,630
Assistant Dir- Communities, Leisure & Wellbeing	78,774	117,901	0.10	11,790
Swim & Inclusion Promotions Officer	35,412	53,001	0.45	23,851
Membership Support Officer	26,824	40,147	0.45	18,066
Fitness Promotion Officer	35,412	53,001	0.55	29,151
Assistant Managers	35,604	53,289	2.00	106,577
Duty Managers	29,914	44,772	2.00	89,545

Designation	Salary (£)	Total Salary (£)	FTE	Total Cost (£)
Admin Assistant	26,080	39,034	1.00	39,034
Receptionists	26,080	39,034	3.75	146,377
Leisure Assistants	26,080	39,034	12.84	501,111
Gym Manager	29,914	44,772	1.00	44,772
Gym Assistants	2,680	4,011	3.85	15,448
Gym Sales Staff	26,080	39,034	1.00	39,034
F&B Manager	28,559	42,744	0.50	21,372
F&B Assistants	25,694	38,456	1.51	58,204
Cleaners	25,694	38,456	1.00	38,456
Instructors - Swimming	27,282	40,833	6.32	258,241
Instructors - Schools Swimming	27,282	40,833	0.43	17,658
Instructors - Aerobics	34,632	51,834	1.35	70,046
Instructors - Aquafit	34,632	51,834	0.16	8,405
TOTAL		**993,252**	**42**	**1,611,480**

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

- National Insurance – 15%
- Pension Contribution –19.6%
- Training & Sickness – 3%
- Holiday – 12.1%

2.9.4. Staff costs as a percentage of income are comparable to current levels in year one at 69% with the expectation that they will reduce to 61% in a mature year.

2.9.5. There are slight variances in each option related to the catering offer. Where bowls and soft play are included, additional catering resource is assumed to support the increased throughput and known demand on secondary spend from these activities. Within the soft play options party hosts are also included. It is assumed that the soft play will not require staff supervision.

Table 14 – Additional Staff Costs for each Option

Options	Catering & Play Staff Costs
Option 2 – Bowls Only	F&B Manager - £21,372 F&B Assistants - £72,755
Option 3 – Soft Play Only	F&B Manager - £21,372 F&B Assistants - £87,306 Party Hosts - £3,118
Option 4 – Incl. Bowls & Soft Play	F&B Manager - £42,744 F&B Assistants - £87,306 Party Hosts - £3,118

2.9.6. Other Costs

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

Table 15 – Other Expenditure Assumptions

Activity Area	Expenditure Projections – Mature Year
Cost of Sales	These have been included at 50% of secondary income retail.
Utility Costs	Utility costs have been projected at £45 per m^2. Over the first five years a further above-inflation rise has been included at 2%. However, it is not known at this stage the level of efficiency / BREEAM standard the specification of the building will be. For options 2 and 4 utility costs for the bowls rink is included at £30 per m^2.
NNDR	Current costs are in the region of £160k across both Carlton Forum and Richard Herrod Centre.

Activity Area	Expenditure Projections – Mature Year
	Therefore, a PC sum has been assumed for each option: Option 1 - £100k Option 2 – £132k Option 3 - £104k Option 4 - £135k Higher costs are assumed in the options with a larger footprint (GIFA). At this stage no NNDR relief has been assumed for the bowls facility, however they may be entitled as a CASC. The Council will need to understand how the different facility areas will operate, the management structures and whether NNDR relief can be applied to part of the building.
Insurance	It is assumed that the centre insurance costs are included as part of the central charges (see below).
Repairs & Maintenance / Lifecycle	Ongoing repairs and maintenance costs have been included at £15 per m^2. This is for the planned and reactive maintenance requirements of the centre. These costs are in line with industry benchmarks. This will ensure the new facility is well maintained. Additional lifecycle costs have not been included within the revenue business plan as they will fluctuate depending on the final specification of the fit out and build.
Equipment	Equipment costs have been calculated for providing replacement pool, group exercise equipment, ICT and general equipment replacement. It is noted that in year six/seven wholesale replacement of fitness equipment will need to be budgeted for.

Activity Area	Expenditure Projections – Mature Year
	It is assumed that the initial FFE budget will come from the capital budget for the centre. It is assumed that the bowls club would be responsible for purchasing and replacing all equipment for the bowls facility.
Marketing	A marketing budget has been included at 1.5% of income, an additional £50k has been included in year one for the launch of the new centre.
Central Costs	Within these projections, central costs have been assumed at the existing level (8% of income). It is anticipated that additional central costs will not be required and sufficient resource is in place to support the new centre.
Capital costs	Capital costs are not included in this revenue business plan.
Irrecoverable VAT	The business plan includes no irrecoverable VAT allowances.

2.10. Sensitivity Analysis and Key Performance Indicators

2.10.1. A revenue sensitivity analysis has been included for each business plan (excluding central costs and 3G sinking fund) to understand the impact in a mature year on the bottom line if key areas of income or expenditure under or over-perform.

2.10.2. As the table below shows for Option 1, for example, a 20% increase in utility costs would reduce the trading surplus to £230k per annum, or a 20% increase in staff costs would reduce the trading surplus to £50k. Conversely, an increase in income by 10%, would increase the trading surplus to £638k.

Table 16 – Option 1 Sensitivity Analysis

AMENDMENT TO BASE PLAN	Year 5			
	Variance	Income (£)	Exp (£)	Net (£)
Base Plan		2,656,007	2,283,890	372,117
Increased Income (%)	**10%**	**2,921,608**	**2,283,890**	**637,717**
Reduced Income (%)	10%	2,390,406	2,283,890	106,516
Increased Health and Fitness Income per Station	1000	2,786,007	2,283,890	502,117
Reduced Health and Fitness Income per Station	1000	2,526,007	2,283,890	242,117
Increased Swimming Income (%)	10%	2,672,335	2,283,890	388,444
Decreased Swimming Income (%)	10%	2,639,680	2,283,890	355,789
Increased Expenditure (%)	10%	2,656,007	2,512,279	143,728
Reduced Expenditure (%)	10%	2,656,007	2,055,501	600,506
Increased Staff Costs (%)	**20%**	**2,656,007**	**2,606,186**	**49,821**
Reduced Staff Costs (%)	10%	2,656,007	2,122,742	533,265
Increased Utility Costs (%)	**20%**	**2,656,007**	**2,326,453**	**329,554**
Decreased Utility Costs (%)	10%	2,656,007	2,262,609	393,398
Increased Repairs and Maintenance Costs (%)	10%	2,656,007	2,290,444	365,563
Decreased Repairs and Maintenance Costs (%)	10%	2,656,007	2,277,337	378,670

Table 17 – Option 2 - Sensitivity Analysis

AMENDMENT TO BASE PLAN	Year 5			
	Variance	Income (£)	Exp (£)	Net (£)
Base Plan		2,769,290	2,427,978	341,312
Increased Income (%)	**10%**	**3,046,219**	**2,427,978**	**618,241**
Reduced Income (%)	10%	2,492,361	2,427,978	64,383
Increased Health and Fitness Income per Station	1000	2,899,290	2,427,978	471,312
Reduced Health and Fitness Income per Station	1000	2,639,290	2,427,978	211,312
Increased Swimming Income (%)	10%	2,785,617	2,427,978	357,640
Decreased Swimming Income (%)	10%	2,752,962	2,427,978	324,985
Increased Expenditure (%)	10%	2,769,290	2,670,775	98,514
Reduced Expenditure (%)	10%	2,769,290	2,185,180	584,110
Increased Staff Costs (%)	**20%**	**2,769,290**	**2,753,184**	**16,106**
Reduced Staff Costs (%)	10%	2,769,290	2,265,374	503,915
Increased Utility Costs (%)	**20%**	**2,769,290**	**2,479,632**	**289,657**
Decreased Utility Costs (%)	10%	2,769,290	2,402,150	367,140
Increased Repairs and Maintenance Costs (%)	10%	2,769,290	2,437,891	331,399
Decreased Repairs and Maintenance Costs (%)	10%	2,769,290	2,418,064	351,226

Table 18 – Option 3 - Sensitivity Analysis

AMENDMENT TO BASE PLAN	Year 5			
	Variance	Income (£)	Exp (£)	Net (£)
Base Plan		2,833,820	2,367,182	466,638
Increased Income (%)	**10%**	**3,117,202**	**2,367,182**	**750,020**
Reduced Income (%)	10%	2,550,438	2,367,182	183,256
Increased Health and Fitness Income per Station	1000	2,963,820	2,367,182	596,638
Reduced Health and Fitness Income per Station	1000	2,703,820	2,367,182	336,638
Increased Swimming Income (%)	10%	2,850,147	2,367,182	482,966
Decreased Swimming Income (%)	10%	2,817,492	2,367,182	450,311
Increased Expenditure (%)	10%	2,833,820	2,603,900	229,920
Reduced Expenditure (%)	10%	2,833,820	2,130,463	703,356
Increased Staff Costs (%)	**20%**	**2,833,820**	**2,695,922**	**137,898**
Reduced Staff Costs (%)	10%	2,833,820	2,202,812	631,008
Increased Utility Costs (%)	**20%**	**2,833,820**	**2,411,205**	**422,614**
Decreased Utility Costs (%)	10%	2,833,820	2,345,170	488,650
Increased Repairs and Maintenance Costs (%)	10%	2,833,820	2,373,960	459,860
Decreased Repairs and Maintenance Costs (%)	10%	2,833,820	2,360,403	473,417

Table 19 – Option 4 - Sensitivity Analysis

AMENDMENT TO BASE PLAN	Year 5			
	Variance	Income (£)	Exp (£)	Net (£)
Base Plan		2,953,352	2,522,349	431,003
Increased Income (%)	**10%**	**3,248,687**	**2,522,349**	**726,338**
Reduced Income (%)	10%	2,658,017	2,522,349	135,668
Increased Health and Fitness Income per Station	1000	3,083,352	2,522,349	561,003
Reduced Health and Fitness Income per Station	1000	2,823,352	2,522,349	301,003
Increased Swimming Income (%)	10%	2,969,680	2,522,349	447,331
Decreased Swimming Income (%)	10%	2,937,025	2,522,349	414,676
Increased Expenditure (%)	10%	2,953,352	2,774,584	178,768
Reduced Expenditure (%)	10%	2,953,352	2,270,114	683,238
Increased Staff Costs (%)	**20%**	**2,953,352**	**2,855,364**	**97,989**
Reduced Staff Costs (%)	10%	2,953,352	2,355,842	597,510
Increased Utility Costs (%)	**20%**	**2,953,352**	**2,575,465**	**377,887**
Decreased Utility Costs (%)	10%	2,953,352	2,495,791	457,561
Increased Repairs and Maintenance Costs (%)	10%	2,953,352	2,532,488	420,865
Decreased Repairs and Maintenance Costs (%)	10%	2,953,352	2,512,211	441,142

2.11. Key Performance Indicators

2.11.1. The following tables highlight the key performance indicators projected for the new leisure centre in comparison with current performance.

Table 20 – Option 1 - Key Performance Indicators

PERFORMANCE INDICATOR based on SENBS	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Subsidy per visit (£)	-£1.49	-£0.20	£0.23	£0.30	£0.33	£0.32
% Cost Recovery	84%	96%	105%	108%	108%	108%
Salaries as a % of income	64%	69%	63%	61%	61%	61%
Income per visit	£5.62	£4.46	£4.35	£4.34	£4.33	£4.33
Secondary income per visit	£0.39	£0.33	£0.33	£0.33	£0.33	£0.33
Expenditure per visit	£5.62	£4.66	£4.13	£4.03	£4.00	£4.01
R&M per m^2	£27.44	£11.25	£15.00	£15.00	£15.00	£15.00
Utility Costs per m^2	£71.57	£45.00	£45.90	£46.82	£47.75	£48.71
Health & Fitness income per station	£8,377	£7,595	£8,784	£9,107	£9,227	£9,226
Swimming lesson income per m^2	£1,661	£1,384	£1,384	£1,384	£1,384	£1,384
Swimming income per m^2	£2,025	£1,850	£1,883	£1,883	£1,883	£1,883

Table 21 – Option 2 - Key Performance Indicators

PERFORMANCE INDICATOR based on SENBS	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Subsidy per visit (£)	-£1.42	-£0.23	£0.17	£0.25	£0.27	£0.26
% Cost Recovery	84%	95%	104%	106%	107%	106%
Salaries as a % of income	64%	66%	61%	59%	59%	59%
Income per visit	£5.33	£4.49	£4.39	£4.37	£4.37	£4.37
Secondary income per visit	£0.37	£0.38	£0.38	£0.38	£0.38	£0.38
Expenditure per visit	£5.33	£4.73	£4.22	£4.13	£4.10	£4.11
R&M per m^2	£20.78	£12.89	£17.18	£17.18	£17.18	£17.18
Utility Costs per m^2	£54.20	£41.36	£42.19	£43.03	£43.89	£44.77
Health & Fitness income per station	£8,377	£7,595	£8,784	£9,107	£9,227	£9,226
Swimming lesson income per m^2	£1,661	£1,384	£1,384	£1,384	£1,384	£1,384
Swimming income per m^2	£2,025	£1,850	£1,883	£1,883	£1,883	£1,883

Table 22 – Option 3 - Key Performance Indicators

PERFORMANCE INDICATOR based on SENBS	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Subsidy per visit (£)	-£1.42	£0.01	£0.37	£0.44	£0.46	£0.45
% Cost Recovery	84%	100%	109%	111%	112%	111%
Salaries as a % of income	64%	65%	60%	58%	58%	58%
Income per visit	£5.33	£4.57	£4.45	£4.43	£4.42	£4.42
Secondary income per visit	£0.37	£0.43	£0.41	£0.41	£0.41	£0.41
Expenditure per visit	£5.33	£4.57	£4.08	£3.99	£3.96	£3.97
R&M per m^2	£26.53	£11.25	£15.00	£15.00	£15.00	£15.00
Utility Costs per m^2	£69.20	£45.00	£45.90	£46.82	£47.75	£48.71
Health & Fitness income per station	£8,377	£7,595	£8,784	£9,107	£9,227	£9,226
Swimming lesson income per m^2	£1,661	£1,384	£1,384	£1,384	£1,384	£1,384
Swimming income per m^2	£2,025	£1,850	£1,883	£1,883	£1,883	£1,883

Table 23 – Option 4 - Key Performance Indicators

PERFORMANCE INDICATOR based on SENBS	2024/25	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Subsidy per visit (£)	-£1.42	-£0.04	£0.30	£0.37	£0.39	£0.39
% Cost Recovery	84%	99%	107%	109%	110%	109%
Salaries as a % of income	64%	63%	58%	57%	56%	56%
Income per visit	£5.33	£4.60	£4.49	£4.47	£4.46	£4.46
Secondary income per visit	£0.37	£0.47	£0.45	£0.45	£0.45	£0.45
Expenditure per visit	£5.33	£4.64	£4.18	£4.09	£4.07	£4.07
R&M per m^2	£20.26	£12.85	£17.13	£17.13	£17.13	£17.13
Utility Costs per m^2	£52.83	£41.45	£42.28	£43.13	£43.99	£44.87
Health & Fitness income per station	£8,377	£7,595	£8,784	£9,107	£9,227	£9,226
Swimming lesson income per m^2	£1,661	£1,384	£1,384	£1,384	£1,384	£1,384
Swimming income per m^2	£2,025	£1,850	£1,883	£1,883	£1,883	£1,883

2.12. Business Plan Summary

2.12.1. It is projected that a new leisure centre to replace Carlton Forum Leisure Centre and Richard Herrod Centre could operate in a surplus position from year two onwards, under all options.

2.12.2. The current subsidy of Carlton Forum Leisure Centre and Richard Herrod Centre was c.£545k in 2024/25, therefore substantial revenue savings could be achieved.

2.12.3. The table below summarises the four options in a mature year (year five).

Table 24 – Business Plan Summary - All Options

	Option1	Option 2	Option 3	Option 4
	Excl. Bowls & Adv Play	Bowls Only	Adv. Play Only	Incl. Bowls & Adv. Play
Income	£2,656,007	£2,769,290	£2,833,820	£2,953,352
Expenditure	£2,283,890	£2,427,978	£2,367,182	£2,522,349
Central Costs	£175,869	£175,869	£175,869	£175,869
Operating Surplus	**£196,248**	**£165,444**	**£290,769**	**£255,134**
3G Sinking Fund	£27,000	£27,000	£27,000	£27,000
Total Surplus	**£169,248**	**£138,444**	**£263,769**	**£228,134**
2024/25 CF & RH Subsidy	-£576,231	-£576,231	-£576,231	-£576,231
Potential Revenue Improvement	**£745,479**	**£714,674**	**£840,000**	**£804,365**

2.12.4. A key finding from the options including bowls is that the current rent only covers maintenance and utility costs. However, when considering a new build, a six rink indoor bowls facility adds an additional 1,400m^2 to the footprint. This will have an impact on the NNDR payable. Therefore, whilst the business plans suggest that the proposed bowls club rent will continue to cover maintenance and utility costs, it does not cover additional NNDR costs, hence the reduction in surplus in Options 2 and 4.

2.12.5. At this stage, NNDR has only been estimated per m^2, but an additional NNDR cost of £32k is assumed with the bowls options based on the increased footprint. Therefore, if bowls were to be included, the rent should also include the proportion of NNDR costs allocated to the facility. It is noted that depending on the governance structure of the club they may be entitled to NNDR relief, which would need to be considered from a design, build and operational perspective as to how that could be applied in a shared site.

2.12.6. If the rent from the bowls club included all relevant costs (NNDR) or they secured 100% NNDR relief for the bowls facility, the bowls facility is still not anticipated to generate additional profit to pay the additional cost of capital for the bowls facility. High level estimates of the capital costs for bowls are set out below, based on a 1,400m^2 facility.

Table 25 – Indicative Bowls Rink Capital Costs

Cost per m²	Estimated Total Cost
£4,000	£5,600,000
£4,500	£6,300,000
£5,000	£7,000,000
£5,500	£7,700,000

2.12.7. Consequently, whilst the wider social value benefits and outcomes from a bowls facility are recognised and important, it is not anticipated that the bowls club will be able to financially contribute towards the cost of capital.

2.12.8. The estimated capital costs for the soft play are set out below based on a 150 m^2 facility. A full size 3G pitch with floodlighting is expected to cost in the region of £1m to build.

Table 26 - Indicative Soft Play Capital Costs

Cost per m²	Estimated Total Cost
£4,000	£600,000
£4,500	£675,000
£5,000	£750,000
£5,500	£825,000

2.12.9. **Cost of Capital – Bowls, Soft Play and 3G Pitch**

2.12.10. A high level assessment of the cost of capital for the additional facilities has been undertaken. The table below sets out the additional income, expenditure and net position of options 2-4 and the 3G pitch against option 1, which excludes the bowls and play facilities.

Table 27 - Cost of Capital Impact

Revenue Table & Cost of Capital	Option 2 - Bowls Only	Option 3 - Soft Play Only	Option 4 - Bowls & Soft Play	3G Only
Additional Income	(£113,300)	(£177,800)	(£297,400)	(£88,400)
Additional Expenditure	£144,100	£83,300	£238,400	£5,000
Additional Central Costs	£0	£0	£0	£0
(Surplus)/Cost	**£30,800**	**(£94,500)**	**(£59,000)**	**(£83,400)**
Additional borrowing repayment costs	£521,600	£44,000	£565,600	£41,200
3G Sinking Fund	£0	£0	£0	£27,000
Total (Surplus) / Cost	£552,400	(£50,500)	£506,600	(£15,200)

2.12.11. Incorporating a 6 lane Bowls rink would return a net deficit of £552,400 per year, this is due to the additional borrowing costs of including Bowls, but also a net deficit of £30,800 as forecast income (which includes secondary spend from the café) does not cover the forecast running costs of the facility. Even if the rental income is adjusted to cover the full operational costs of the bowls facility Option 2 and 4 would still operate at a significant net deficit, including cost of capital.

2.12.12. Soft Play would result in additional capital spend of £650,000 which would mean an additional annual cost of borrowing of £44,000. However, this facility would produce an annual income of £177,800 providing a net income surplus of £50,500.

2.12.13. Incorporating Bowls and a Soft Play, whilst this option would reduce the deficit of a bowls only option, the additional income from soft play is not sufficient to cover the deficit that would be generated by including Bowls.

2.12.14. Incorporating a 3G pitch would increase net income by £15,200. This is dependent upon receiving at least 60% grant funding towards the capital costs of the build and 40% of the cost is assumed to be funded by borrowing. The net income forecast is after taking into account these costs of borrowing.

2.12.15. **Financial Recommendation**

2.12.16. The recommended facilities mix on a financial basis would be to progress with the core offering, the soft play and the 3G pitch as this would maximise the amount of income that would be able to support borrowing to enable the facility to be constructed. This recommendation would bring the current deficit from Richard Herrod and Carlton Forum into a net surplus.

Table 28 - Potential Borrowing Supported

Potential Borrowing Supported	
2024/25Current Subsidy	£576,200
Net Income of Core	(£196,200)
Net Incoe of Soft Play	(£50,500)
Net Income of 3G	(£15,200)
Total Improved Position	(£838,100)
Borrowing This Would Support	£11,500,000

Disclaimer

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

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