Wirral Tennis & Sports Centre Feasibility Study

Produced for Wirral Council

April 2022

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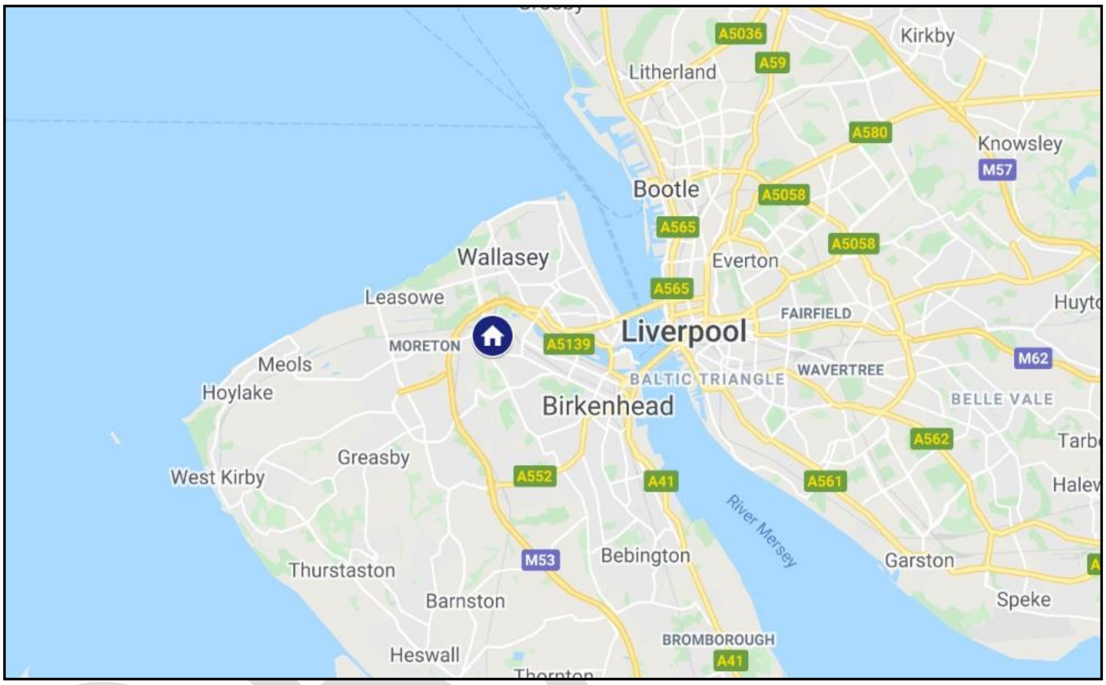
1. INTRODUCTION AND BACKGROUND

1.1. Max Associates has been appointed by Alliance Leisure Services to deliver a feasibility business plan for investment into Wirral Tennis & Sports Centre.

1.2. Wirral Tennis & Sports Centre is located on the outskirts of Birkenhead, adjacent to retail outlets and in close proximity Bidston Train Station. The centre is located just off the M53 and main routes leading from Liverpool City Centre, which is a 20 minute drive away.

Figure 1 – Wirral Tennis & Sports Centre Location



1.3. Wirral Tennis & Sports Centre is managed by the Council, the existing centre has the following facilities:

- Gym
- I-zone studios
- 6 Indoor tennis courts
- 2 Outdoor tennis courts
- Football pitches
- Sports hall
- Café (currently vacant)

1.4. Financially, the centre operated at a deficit of £579k in 2019/20, as detailed in the table overleaf.

Table 1 – 2019/20 Income & Expenditure

Wirral Tennis & Sports Centre	2019/20 Actuals
Total Income	£540,293
External Funding	£6,000
Council Elections (Hall Hire)	£60,000
Total Expenditure	£1,185,116
Net Surplus/(Deficit)	**£578,823**

1.5. Development plans for the centre focus around improving the fitness provision and utilising the existing sports hall for commercial leisure development. Changes to the tennis hall are excluded from the feasibility study.

1.6. To deliver the feasibility the following methodology has been completed:

- An assessment of catchment area, demographic profiling, and assessment of competitors to determine the likely user groups within the catchment area;
- pricing review;
- assessment of additional secondary income opportunity;
- review of additional staffing resource required;
- consideration of other expenditure items; and
- development of full 5-year income and expenditure business plan providing background and assumptions to all budget lines.

2. NATIONAL CONTEXT

2.1. This section covers national strategies and the priorities to be considered when investing in sports, leisure and physical activity facilities and services and the outcomes that should be delivered.

2.2. National Strategies

2.2.1. A summary of the core national level strategies and their respective outcomes are outlined below including their key strategic outcomes or priorities.

Figure 2 – Core National Strategy Summary

Strategy	Vision	Key Priorities
SPORT ENGLAND Uniting the Movement Strategy 2021 - 2031	Imagine a nation of more equal, inclusive and connected communities. A country where people live happier, healthier and more fulfilled lives	• Recover and Reinvent; • Connecting Communities; • Positive Experiences for Young Children and Young People; • Connecting with Health & Wellbeing; and, • Active Environments
BMA Get Moving Report October 2019	Policy recommendations across four core parts of people's lives; (travel, leisure, school and work) which government and policymakers should take to increase physical activity levels across the UK	• Travel (increased investment in active travel); • Leisure (access to open spaces and recreation facilities); • School (physical education recognised and protected as an essential part of the school curriculum); and, • Work (encourage active travel)
Public Health England PHE Strategy 2020-2025	Our vision for 2025 • Lower smoking rates • Less sugar, calories and salt in the food eaten every day • Less pollution in the air that we breathe • Measurable improvements in mental health • Improved mental health literacy	• Take steps towards creating a smoke-free society by 2030; • Help make the healthy choice the easy choice to improve diets and reduce rates of childhood obesity; • Develop and share advice on how best to reduce air pollution levels and people's exposure to polluted air; and • Promote good mental health and contribute to the prevention of mental illness
Department for Transport Gear Change 'A bold vision for cycling and walking' 2020	England will be a great walking and cycling nation. Places will be truly walkable. A travel revolution in our streets, towns and communities will have made cycling a mass form of transit. Cycling and walking will be the natural first choice for many journeys with half of all journeys in towns and cities being cycled or walked by 2030	• Healthier, happier and greener communities; • Safer streets; • Convenient and accessible transport; and, • Cycling and Walking at the heart of transport decision making
National Planning Policy Framework National Planning Policy Framework (updated July 2021)	The National Planning Policy Framework (NPPF) sets out the Government's planning policies for England and how they should be applied including to establish and provide adequate and proper leisure facilities to meet local needs	Promoting Health and Safe Communities - Planning policies and decisions should aim to achieve healthy, inclusive and safe places which; • Promote social interaction • Are safe and accessible • Enable and support healthy lifestyles Open Space and Recreation - Access to a network of high quality open spaces and opportunities for sport and physical activity Promoting Sustainable Transport - Transport issues should be considered from the earliest stages of plan-making & development proposals so that; • Opportunities to promote walking, cycling and public transport use are identified and pursued

2.2.2. The infographic below shows the priority of the new government department, the Office for Health Improvement and Disparities and goes on to highlight the recommendations, from the recent, House of Lords paper, calling for a national plan for sport health and wellbeing.

2.2.3. These both highlight the focus central government is putting on physical activity and levelling health inequalities as the country recovers from all the health and other impacts of the coronavirus pandemic.

Figure 3 – New National Priorities

2.2.4. Finally, the infographic below reminds us of the government's commitment to achieve carbon neutrality target by 2050.

Figure 4 – Net Zero Commitment

2.3. National Strategies – Children and Young People

2.3.1. The **DCMS School Sport and Activity Action Plan (**July 2019) has three overarching ambitions:

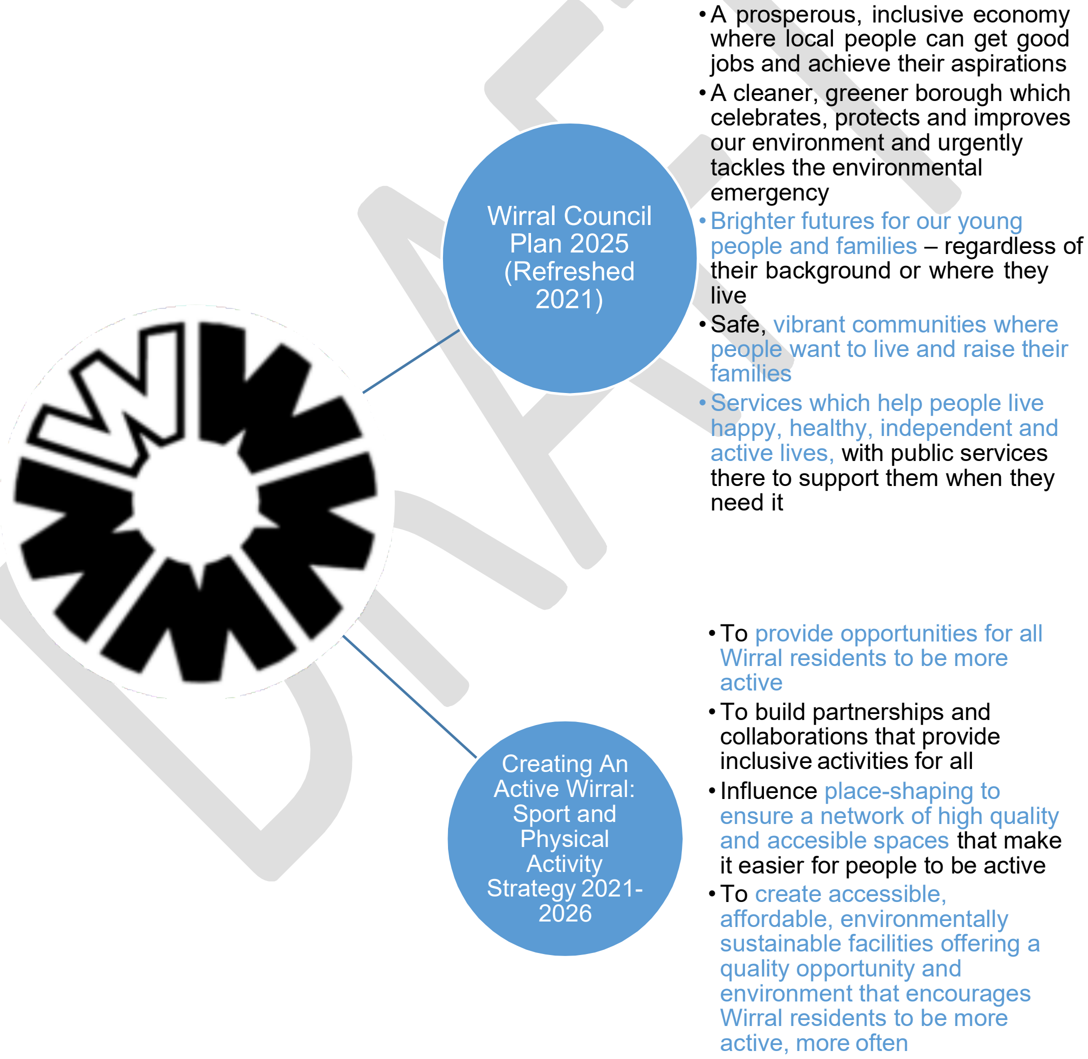
- All **children and young people** take part in **at least 60 minutes of physical activity every day**. As set out in the Childhood Obesity Plan, at least 30 minutes should take place in schools, and the remaining 30 outside the school day.
- Children and young people have the opportunity to realise developmental, character-building experiences through sport, competition and active pursuits.
- All sport and physical activity provision for children and young people is designed around the principles of physical literacy, focuses on fun and enjoyment and aims to reach the least active.

3. LOCAL CONTEXT

3.1. Strategic Priorities

3.1.1. Two core strategies for Wirral are outlined in the infographic below, which are pertinent to leisure provision and services. The key priorities of the strategies are detailed, with those in blue highlighting where leisure facilities can positively impact.

Figure 5 - Strategic Priorities



3.2. Demographic Profile

3.2.1. The context of the catchment area in which the centre is located is important to understand, as it will influence future use of the new facilities.

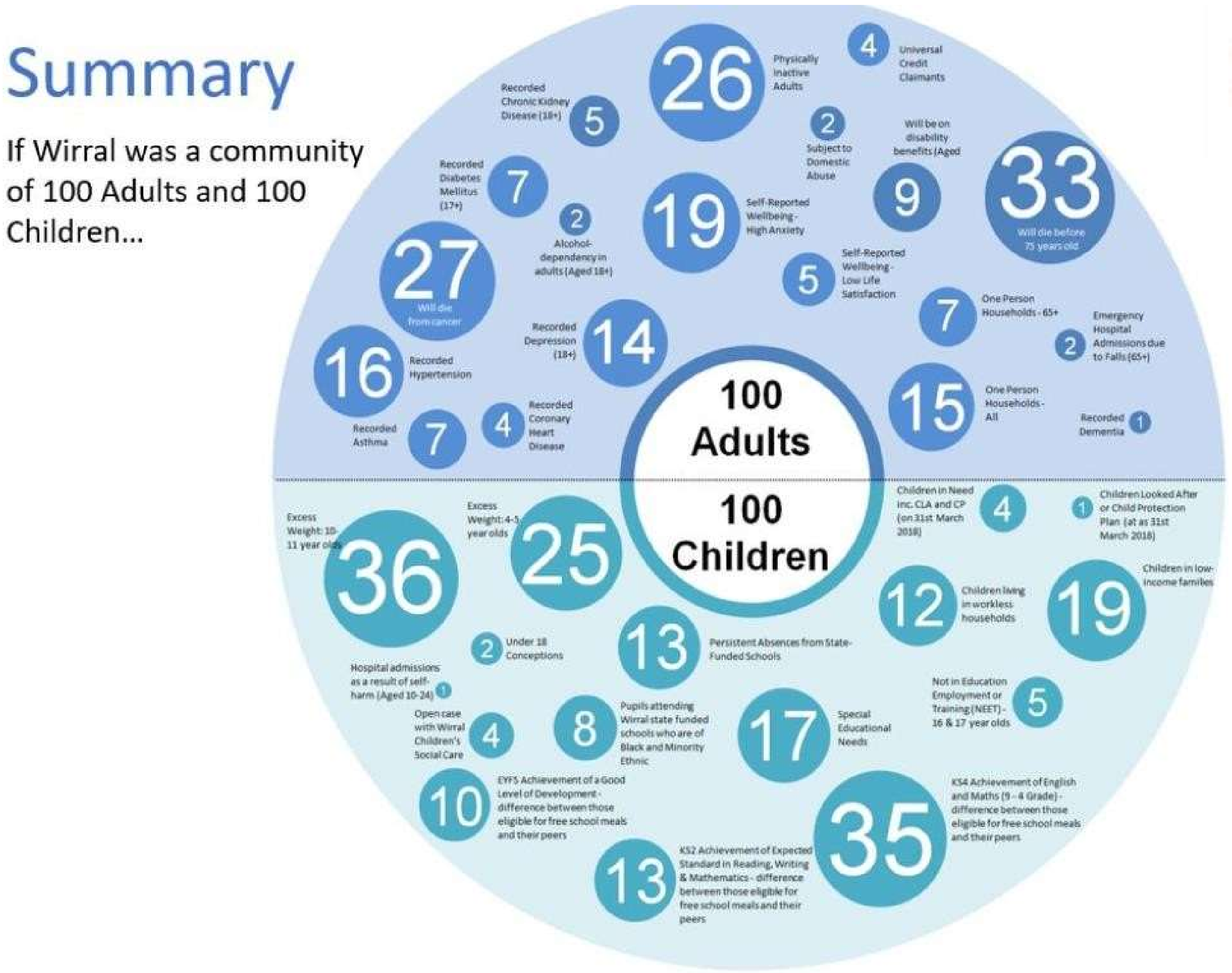
3.2.2. The key demographics for the area are[1]:

- The current population of Wirral is 322,796.
- Wirral has a higher proportion of older people and a lower proportion of working age people compared to England.
- The population of Wirral is projected to increase by 1.6% overall by 2039 according to the Office for National Statistics, from 323,200 to 328,500.
- This small overall increase hides large variation by age, with the population of children and young people decreasing by -7.2% for example, while the population of older people aged 90+ is projected to increase by 103%.
- In 2015-17, life expectancy at birth in Wirral was 78.3 for males and 81.8 for females, a slight increase on 2014-16.
- Life expectancy varies considerably in Wirral; ranging from 72 in Rock Ferry to 84 in Heswall for men, this is a significant 12-year difference. There is also a difference for females; life expectancy ranges from 78 in Rock Ferry and Birkenhead to 87 in Heswall, a difference of 9 years.
- 35% of the Wirral population live in the top 20% most deprived areas in England.
- 19% of children aged 0-15 live in poverty in Wirral.

3.2.3. A summary of the health profile of Wirral is depicted in the infographic overleaf. [2]

[1] https://www.wirralintelligenceservice.org/this-is-wirral/wirral-population/
[2] https://www.wirralintelligenceservice.org/this-is-wirral/wirral-population/

Figure 6 - Health Profile of Wirral



3.2.4. Overall, comparing local indicators with England averages, the health and wellbeing of adults and children in Wirral is worse than England. Key health factors to note that a leisure development could support and improve are:

- 23.5% of adults are categorised physically inactive. Furthermore, 57% of children are not meeting the CMO guidelines for physical activity. Physical activity levels compared with Merseyside and England are shown in the figures overleaf.[3]
- The rate of excess weight in 5-6 year olds is 25%, and 36% in 10-11 year olds.
- 62.5% of adults are classified as overweight or obese.[4]

[3] Sport England (Active Lives Survey 2021). Please note due to low sample sizes, the latest physical activity data for children at local authority level is the academic year 19-20.
[4] Wirral Health Profile 2019.

Figure 7 - Physical Activity among Adults

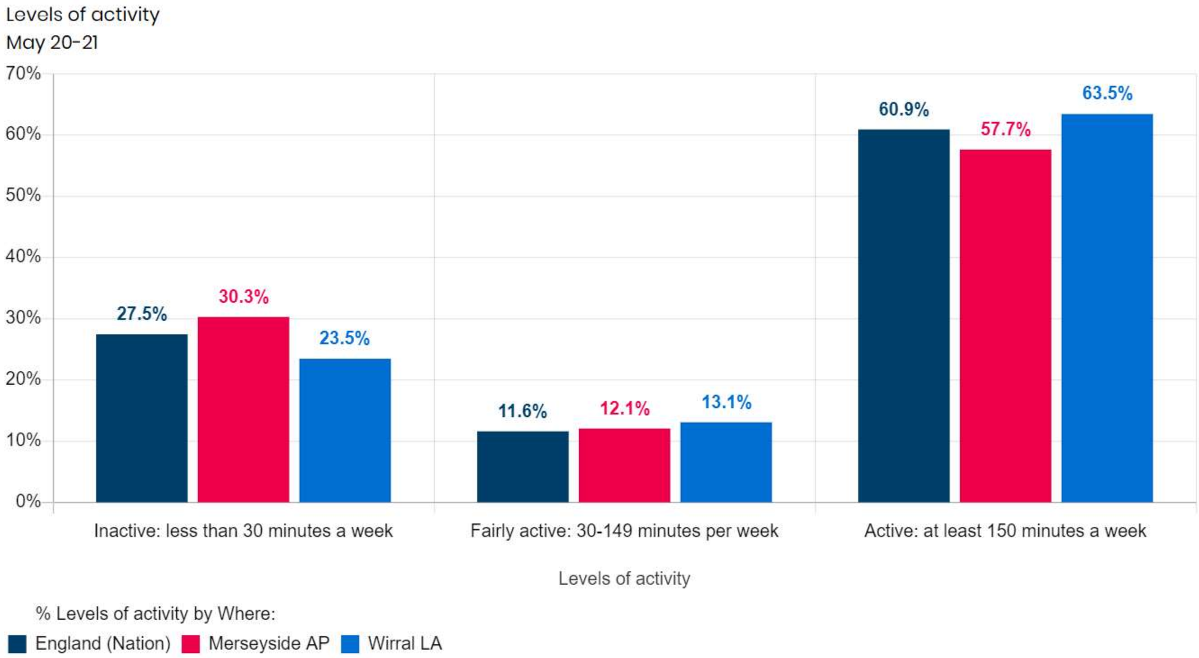
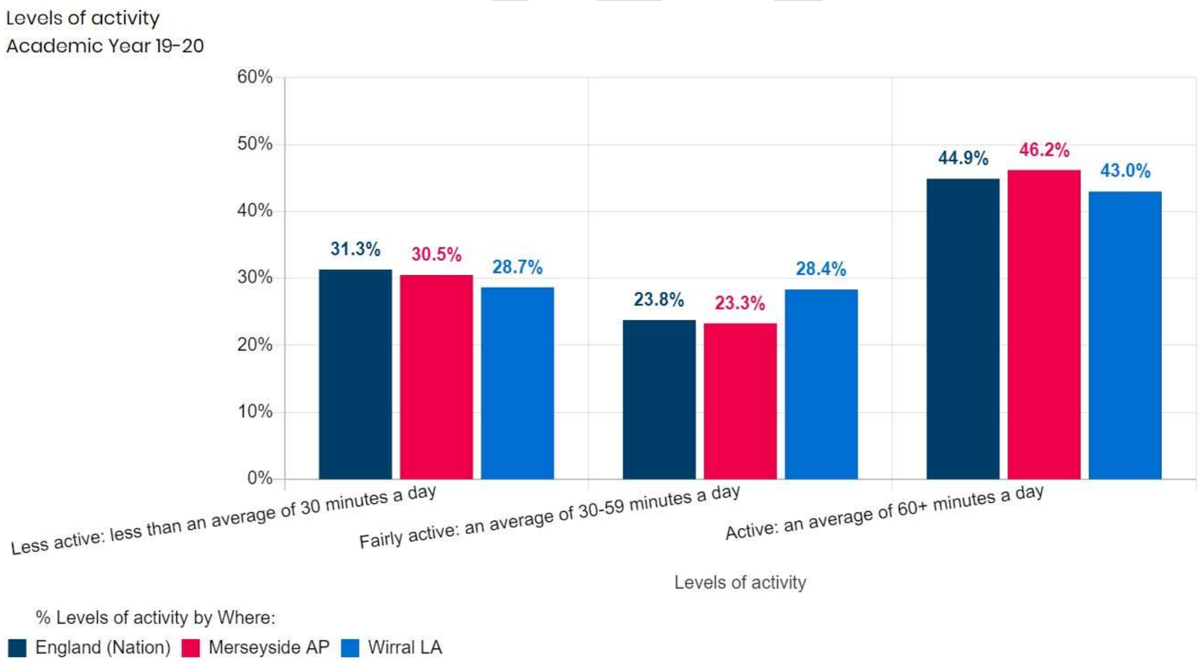


Figure 8 - Physical Activity among Children



3.2.5. Some of the key demographic statistics for Birkenhead, where Wirral Tennis & Sports Centre is located are detailed overleaf:

- A total of 89,430 people live in Birkenhead Constituency.
- Over half of Birkenhead Constituency's population (55%) are classed as living in the most deprived areas in England. In comparison, in England overall, only 20% of people live in the most deprived quintile of areas (IMD, 2015).
- Birkenhead has the highest rate of premature death (deaths before the age of 75) of all Wirral Constituencies (142 per 100,000 compared to 114 in Wirral overall).
- The Constituency also has the highest rate of children in poverty of all Wirral Constituencies (34% compared to 24% in Wirral).

3.3. Local Context Summary

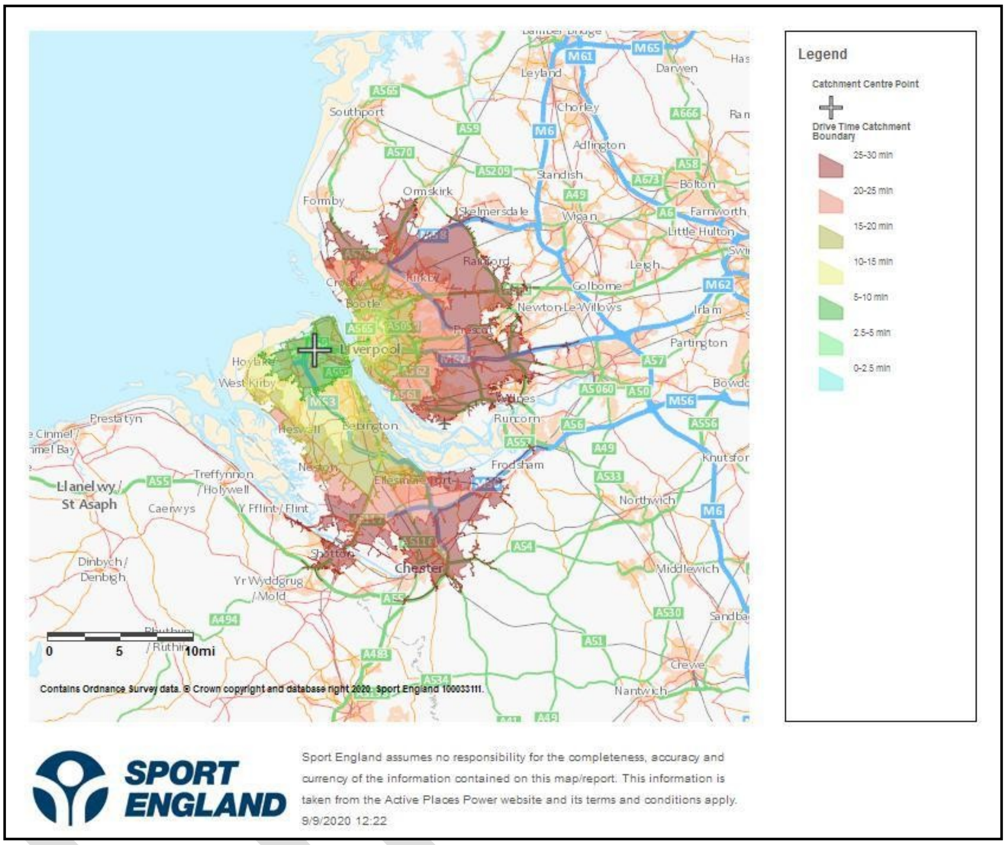
3.3.1. A review of Wirral's local strategies in conjunction with a detailed review of the local demographic and health profile, focusing in on Birkenhead where the centre is located, has found the following:

- Improvement of leisure facilities and increasing participation in physical activity will help contribute towards a number of local priorities.
- The health and wellbeing of Wirral is worse on average compared to England and therefore there is an opportunity to improve health and wellbeing indicators by engaging more residents in physical activity.
- Increased physical activity will help reduce rates of obesity in adults and children.
- Improved facilities in Birkenhead will provide good quality accessible facilities to some of the most deprived areas in England, increasing the opportunity for improved quality of life and satisfaction in where people live.

4. WIRRAL TENNIS & SPORTS CENTRE – CATCHMENT ASSESSMENT

4.1. A catchment area of 30 minutes has been reviewed for the commercial leisure aspects, this incorporates the whole of the Wirral are plus parts of North West Cheshire, Chester and Liverpool City Centre. It is however anticipated that the majority of regular users will come from the Wirral as there will be extensive leisure and fitness provision within the Liverpool City area.

Figure 9 - 30 Minute Catchment Map



4.2. Catchment Age Profile

4.2.1. The table below shows the breakdown of age groups within a 30 minute catchment area. There are just over 200,000 0-14 year olds, who would be a key target group for any commercial leisure developments such as soft play.

Table 2 – Catchment Age Profile

Age	0-14	15-24	25-39	40-59	60-79	80+	Total
0-2.5	0	0	0	0	0	0	0
2.5-5	3089	1690	2914	3701	2593	541	14,528
5-10	27,641	16,183	28,717	41,118	34,527	8299	156,485
10-15	34,579	47,068	51,194	50,733	40,230	10,018	233,822
15-20	56,304	39,144	72,088	75,239	53,889	13,297	309,961
20-25	53,490	32,146	56,660	77,140	62,776	15,891	298,103
25-30	48,388	31,352	53,011	72,352	61,422	16691	283,216
Total	**223,491**	**167,583**	**264,584**	**320,283**	**255,437**	**64,737**	**1,296,115**

4.3. Competition Analysis

4.3.1. The competition analysis below shows commercial leisure venues within a 30 minute drive time.

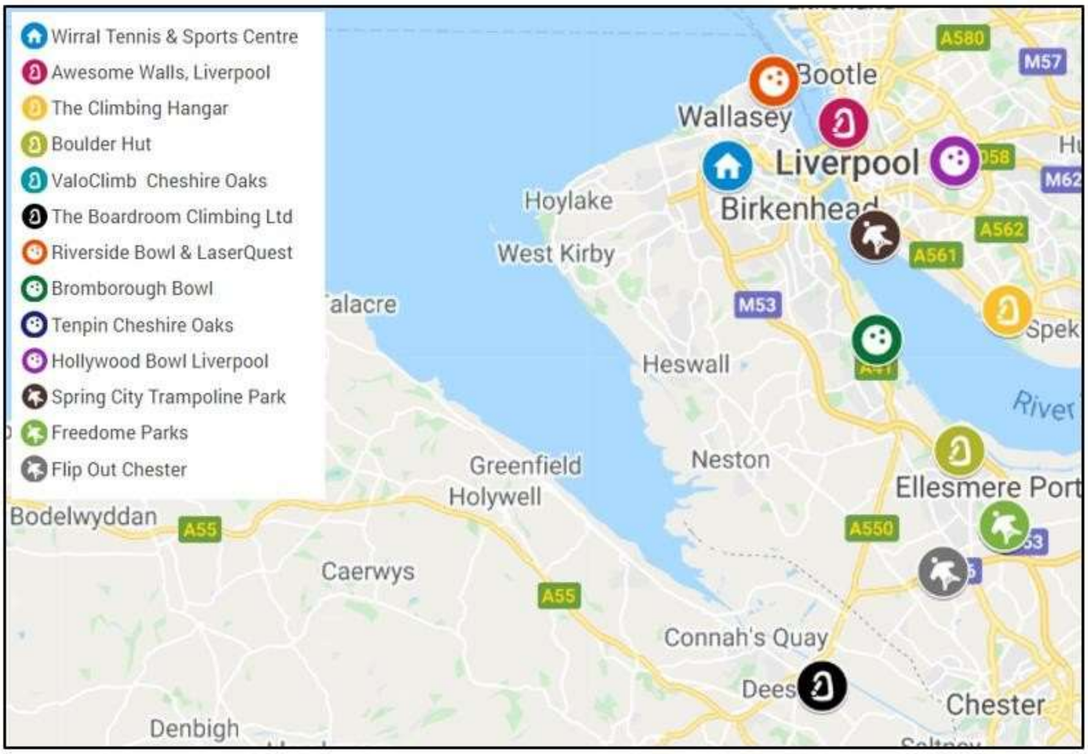
4.3.2. Commercial Leisure Competition

4.3.3. Below is a map showing indoor climbing, ten pin bowling and trampoline parks in a 30-minute catchment.

4.3.4. None of these facilities are located in Birkenhead. The closest of these commercial leisure facilities is Riverside Bowl & Laser Quest, which is an 11 minute drive away.

4.3.5. Of the three climbing centres in the catchment only one has clip and climb walls, Awesome Walls in Liverpool. This facility is approximately 14 minutes from Wirral Tennis & Sports Centre on the other side of the river.

Figure 10 - Map of Indoor Climbing, Ten Pin Bowling & Trampoline Parks within 30 minute catchment



4.3.6. Given the close proximity of other climbing venues the local market may become too saturated if further climbing facilities were provided at Wirral Tennis & Sports Centre.

4.3.7. With three trampoline parks and three ten pin bowling venues within the catchment there is unlikely to be the demand for any more of these facilities within the area.

4.3.8. The next map shows soft play facilities within a 30 minute drive time, within this catchment there are 12 facilities, however none are located in Birkenhead.

Figure 11 - Map of Soft Play facilities within a 30 minute catchment

4.3.9. The closest soft play is Bubbles World of Play in New Brighton, Wallasey, a 9 minute drive away. This is a facility aimed at 0-11 year olds and claims to be the largest and most innovative indoor play area in the UK. The facility is designed based on over 30 different countries and zones, from the Sydney Harbour Bridge to the Northern Lights, stopping for fun in India, Dinoland and Italy. Other facilities include a city role play area which houses a vets, garage, shop and police station as well as other 'businesses'. It also has a two level 'Wild West' foam ball cannon zone, talking penguin maze, interactive projectors and numerous time challenge games. This would be considered direct competition to any soft play facilities at Wirral Tennis & Sports Centre, although due to the extent of activities available admission prices are higher than average at £7.50 - £11.50 for 1 to 11 year olds. 0 – 6 month old babies enter for free and 6 month – 1 year olds price ranges from £3.00 to £6.50.

4.3.10. As a seaside destination there is another large soft play facility in New Brighton, Adventureland, which is suitable for toddlers to 12 year olds. Facilities include soft play, disco room, football area, children's climbing wall and giant inflatables.

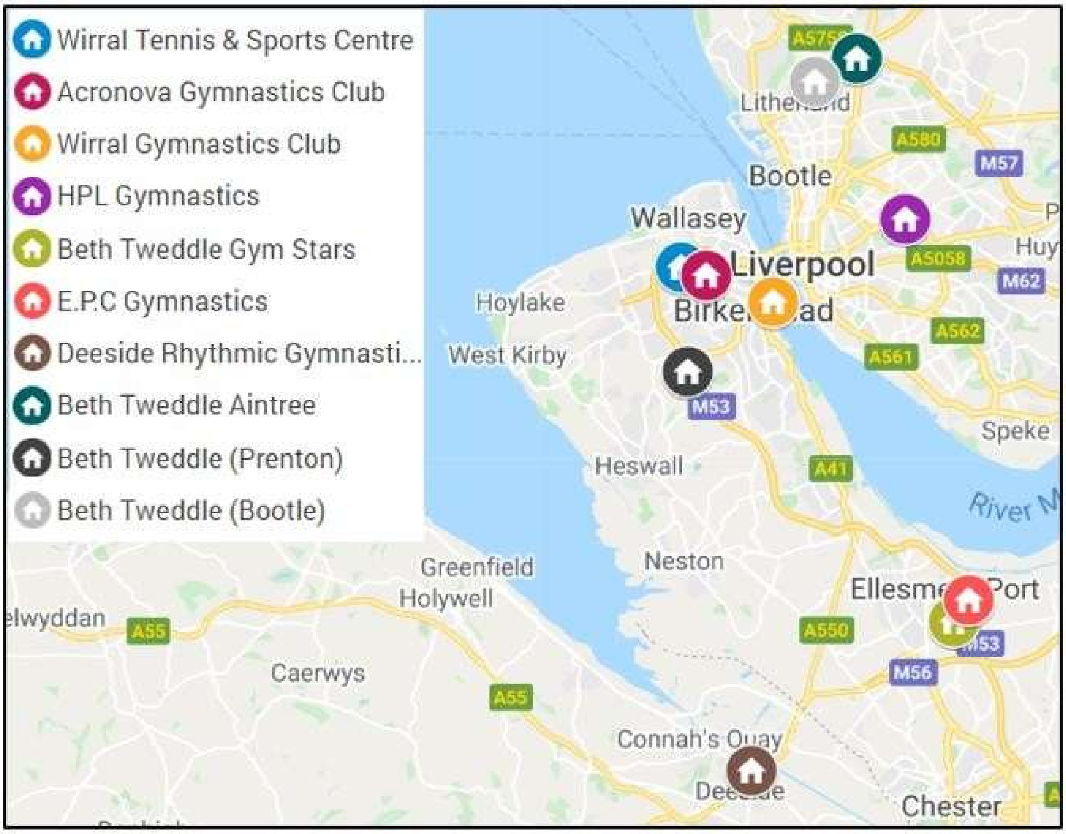
4.3.11. For the competition analysis research into local Tag Active/Ninja Tag was also undertaken however, neither of these activities are available within a 30-minute drive.

4.3.12. Given the destination venues that are within the catchment, a new local soft play facility to support residents could be successful and support other junior programmes taking place in the centre. Soft play is also more likely to be sustainable when located with other leisure facilities.

4.3.13. Gymnastics Competition

4.3.14. The map below sows the location of gymnastics clubs within a 30 minute drive time of Wirral Tennis & Sports Centre.

Figure 12 - Map of Gymnastics Competition



4.3.15. Of the nine clubs three of them operate out of their own premises. Other clubs are delivered from school facilities, leisure centres and private fitness facilities. A range of gymnastics disciplines are delivered across these clubs including artistic, rhythmic and arco.

4.4. Catchment Mosaic Profile

4.4.1. A mosaic profile was produced as part of the latent demand analysis for fitness, which concentrates on a smaller catchment than commercial leisure.

4.4.2. Over 20k people live within a mile of the site and this rises significantly to over 111k in 2-miles.

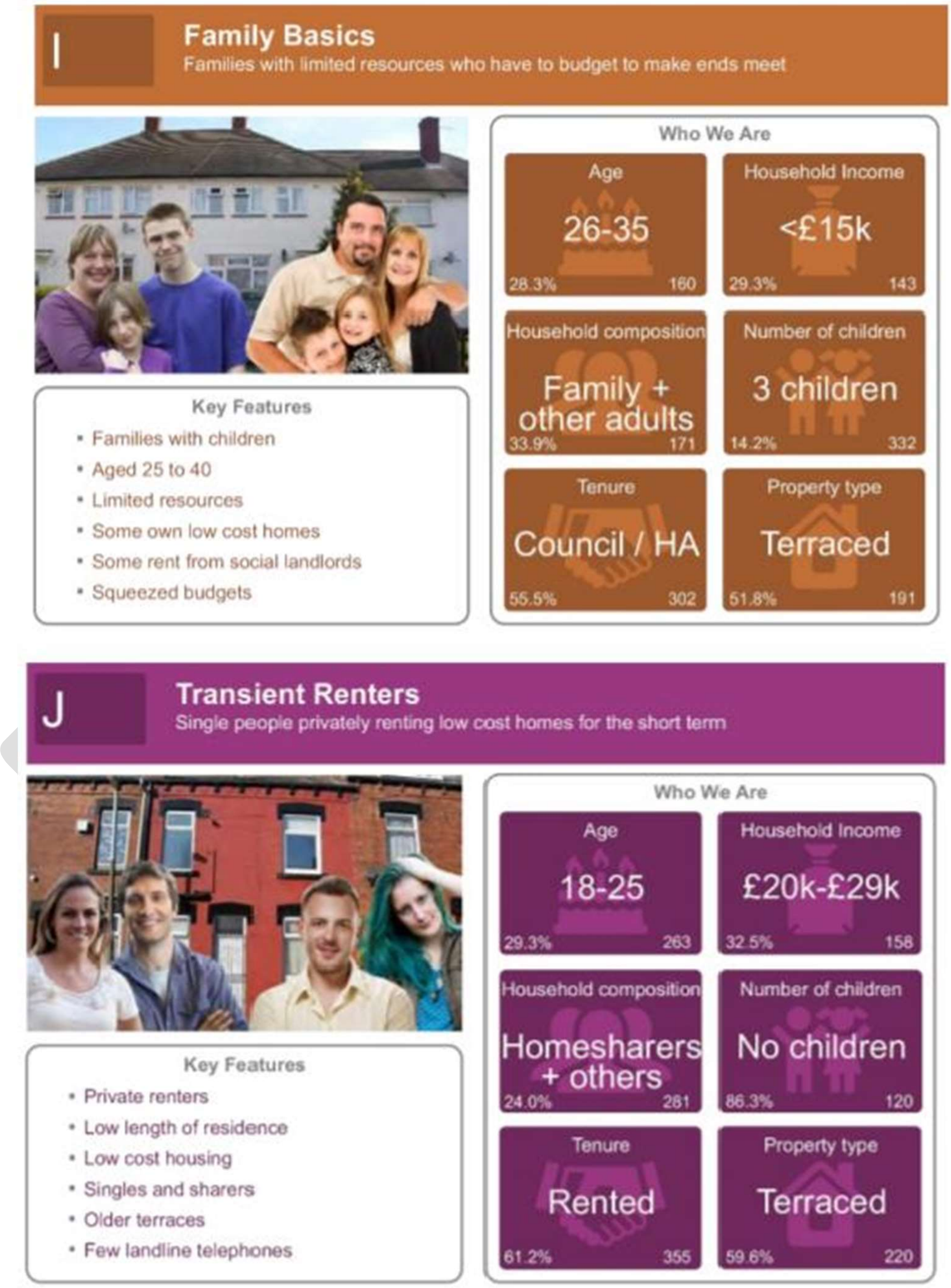
4.4.3. In terms of demographics, two of the less affluent Mosaic groups stand out: I (Family Basics) & J (Transient Renters). Together they account for almost 30% of people in the catchment.

4.4.4. **Family Basics** tend to be young families who have limited budgets and struggle to make ends meet.

4.4.5. **Transient Renters** are younger still but have slightly higher incomes. They are highly transient people, often living in a property for only a short length of time before moving on.

4.4.6. The age profile of the population shows there are higher than average numbers of children and teenagers, which will support the development of any children's activities. The number of those in their 20s and 30s is below average.

Figure 13 – Mosaic Profiles – Family Basics, Transient Renters



4.5. Latent Demand

4.5.1. In estimating the demand for fitness, Leisure Database (LDB) concentrated on a 2-mile radius. This 2-mile catchment is home to 111k people, of which 90,383 are adults aged 15+.

4.5.2. The most significant (and closest) competitor is the low-cost Pure Gym club that opened in 2017; it charges £23.99 per month and is less than half a mile away. Aside from this club and Wirral Council's own leisure centres, most other gyms in the catchment are small independent clubs; they tend to charge between £25 and £30 per month. The largest club on the Wirral (Total Fitness at Prenton) is almost 3-miles away.

4.5.3. The overall total demand for Wirral Tennis & Sports Centre health and fitness is estimated to be **1,086,** this is the total number of members that could be achieved, assuming that the fitness offering is significantly increased. This includes allowance for 30% of the total to come from outside the catchment area but also some negative consideration for competition in the area. Subtracting the current membership of 603 (February 2022), it shows a potential increase of **483.**

4.5.4.. Please refer to appendix 1 for full latent demand breakdown by mosaic type and age.

5. SUMMARY OF CURRENT PERFORMANCE

5.1. The table below shows the actual income for 2019/20, this data has been used to understand performance pre-Covid.

Table 3 – 2019/20 Income

Wirral Tennis & Sports Centre	2019/20 Income
3g pitch	£177,601
Catering	£1,383
Fitness suite	£1,840
Membership	£251,554
Retail sales	£1,031
Sports hall	£52,958
Studio	£4,271
Tennis hall	£49,655
Total Income	**£540,293**

5.2. In 2019/20 the sports hall court hire is £52,958, which equates to £13,240 per court. This places it in the third quartile (with 4th being bottom) of the 2019 Sport England benchmarks for dry sites.

5.3. The 2019/20 tennis hall income was £49,655, which equates to £8,276 per court.

5.4. The performance of these two key activity areas is below average, indicating there is an opportunity to invest and potentially change use, that would maintain some of the existing activity but also introduce new activities to generate improved revenue and usage.

5.5. With regards to fitness income, in February 2020 the centre had a total of 832 direct debit members, generating an average yield of £23.12, however, this includes all membership types including junior and teen memberships. Following the Covid-19 Pandemic, the membership number had reduced to 603 in February 2022.

5.6. With 26 stations total fitness income per station generated in 2019/20 was £9,675 which places the centre in the Sport England benchmark top quartile for dry centres and the second quartile against local authority in-house operators.

5.7. Overall the centre is operated at a cost recovery rate of c.51%, which is in the Sport England 2019 benchmark bottom quartile, suggesting there should be an opportunity to improve performance through investment.

6. FACILITY MIX

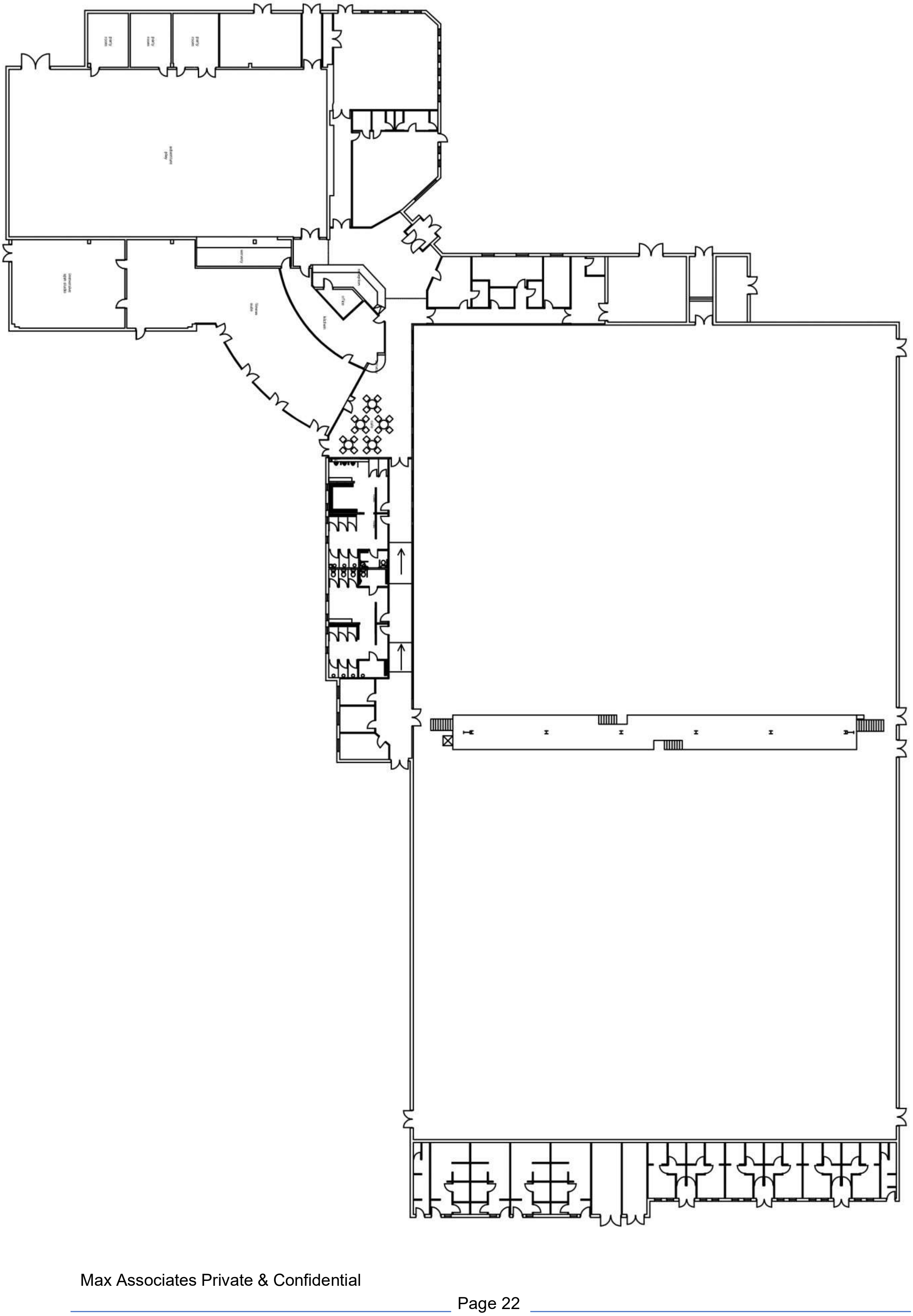
6.1. Based on the findings of the demographic review, catchment assessment, competition analysis and latent demand the following facilities are recommended.

Table 4 - Proposed Facility Mix

Existing Facilities	Proposed New Facilities	Comments
Gym – 26 stations	Extended gym - c.50 stations	Total demand for 1,086 members. Using 30 members per station equates to 36 stations, therefore 50 stations will ensure sufficient capacity for demand and any further growth.
I-zone studio	Immersive Spin Studio	To cater for membership base and deliver comprehensive group exercise programme
6 Indoor tennis courts	No Change	
2 Outdoor tennis courts	No Change	
Football pitches	No Change	
Sports Hall	Conversion of sports hall into soft play and Tag Active	Soft play and Tag Active facility for local residents as well as visitors to the area, provision and marketing to be carefully considered against competition. Pricing needs to be considered to ensure accessible for all local residents. Higher numbers than average of children and teenagers living in the catchment area.
Café (currently vacant)	New café located next to soft play/Tag Active	Primary function to support soft play and Tag Active but available to other centre users and for events.

6.2. The proposed layout of the new facilities are detailed in the layout plan overleaf.

Figure 14 - Proposed Layout



7. REVENUE BUSINESS PLAN

7.1. The business plan assumes the facility mix identified in Table 4 is progressed.

7.2. The business plan sets additional income and expenditure generated at the centre once the developments have been completed. It is a revenue business plan that excludes any capital and fit out costs.

7.3. The business plan does not include the revenue impact whilst the developments are being undertaken.

7.4. It is assumed that the facilities will continue to be managed within the existing arrangement so that the application of exempt and standard rated VAT on income and expenditure and NNDR costs will mirror the current position.

7.5. Year 1 is based on 2021/22 prices, increases for inflation have not been included within the projections at this stage.

7.6. Opening hours of the core facilities are assumed as current, the opening hours for Tag Active and soft play are shown below.

OPENING HOURS			
		Open	**Close**
Tag Active - Term	M-F	03:00 PM	07:30 PM
	S/S	09:00 AM	06:00 PM
Tag Active - Holidays	M-F	10:00 AM	07:30 PM
	S/S	09:00 AM	06:00 PM
Soft Play	M-F	10:00 AM	06:00 PM
	S/S	09:00 AM	06:00 PM
Café	M-F	10:00 AM	07:30 PM
	S/S	09:00 AM	06:00 PM

7.7. It is assumed that membership prices for fitness and group exercise will remain the same as existing, the proposed prices for Tag Active are outlined in the table below. These prices take into account the soft play competition and also the need for the soft play to be accessible to local residents, particularly those within the most deprived areas.

Table 5 - Key Prices

KEY PRICES		
Soft Play	Under 1	FREE
	Over 1 year	£5.00
	Parties exc food	£7.00
	Party food	£4.00
Tag Active	Adults/Children	£10.00
	Party exc food	£12.50
	Party food	£4.00

7.8. The sensitivity analysis in Table 11 highlights the impact on the net surplus if income levels are lower than projected.

7.9. Income and Expenditure Summary

7.9.1. A summary of the income and expenditure projections for the new areas, for an initial five-year period, is shown below. It is projected that the new developments, once completed will generate a £212k surplus in year 1, increasing to £237.5k in a mature year.

Table 6 –Income and Expenditure Summary

SUMMARY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME					
Fitness Membership	78,980	151,842	169,561	169,469	169,419
Casual Fitness	9,350	9,350	9,350	9,350	9,350
Group Exercise	13,860	13,860	13,860	13,860	13,860
Tag Active	256,117	232,833	232,833	232,833	232,833
Soft Play	99,688	90,625	90,625	90,625	90,625
Secondary	223,252	215,295	216,371	216,367	216,364
TOTAL INCOME	**681,247**	**713,805**	**732,601**	**732,504**	**732,451**
EXPENDITURE					
Salaries	189,085	189,085	189,085	189,085	189,085
Utilities	7,000	7,140	7,283	7,428	7,577
NNDR	0	0	0	0	0
Insurance	6,812	6,812	6,812	6,812	6,812
Lifecycle	0	12,000	24,000	24,000	24,000
Repairs & Maintenance	4,000	8,000	8,000	8,000	8,000
Grounds Maintenance	0	0	0	0	0
Cleaning	4,000	4,000	4,000	4,000	4,000
Equipment	3,750	7,500	7,500	7,500	7,500
Other Supplies	3,406	3,569	3,663	3,663	3,662
Advertising & Marketing	30,437	21,414	21,978	21,975	21,974
Communications	3,406	3,569	3,663	3,663	3,662
Other Administration	1,891	1,891	1,891	1,891	1,891
Costs of Sales	111,626	107,647	108,186	108,183	108,182
Capital Costs	0	0	0	0	0
Central Costs	0	0	0	0	0
Profit/Surplus	0	0	0	0	0
Irrecoverable VAT	26,449	27,531	29,546	29,567	29,589
Sports Hall Loss of Income	42,366	42,366	42,366	42,366	42,366
TOTAL EXPENDITURE	**434,231**	**442,526**	**457,974**	**458,134**	**458,301**
SURPLUS / DEFICIT	**247,016**	**271,279**	**274,627**	**274,370**	**274,150**
Risk Contingency	34,062	35,690	36,630	36,625	36,623
SURPLUS/DEFICIT	**212,954**	**235,589**	**237,997**	**237,744**	**237,528**

7.10. Usage

7.10.1. The five-year usage profile of from the new developments is set out in the table below.

Table 7 - Five-Year Usage Profile

USAGE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Health & Fitness	37,141	57,959	64,419	64,392	64,378
Soft Play	26,417	24,015	24,015	24,015	24,015
Tag Active	32,120	29,200	29,200	29,200	29,200
TOTAL	**95,677**	**111,174**	**117,634**	**117,607**	**117,593**

7.11. Income Assumptions

7.11.1. The key income assumptions are set out in the table below.

Table 8 - Key Income Assumptions

<table>
<tr><th>Activity Area</th><th>Income Projections – Mature Year</th></tr>
<tr><td>Health & Fitness</td><td>
Membership prices range from £34 per month for an all-inclusive membership to £25 for a corporate membership.

The yield is estimated at £29 on the assumption that sales for new membership would focus on all-inclusive, concessionary, and corporate memberships as the latent demand provided is for adult memberships only. It is noted that pre-covid the yield was c.£23/month, which included junior membership categories.

Attrition has been calculated at 5% per month.

It is assumed that resources will be committed to a presale, such that 50 new members will have joined just as the new developments are opened.

The total latent demand projection of 1,086 members has been taken into consideration against the existing membership base, it is recognised that pre-covid memberships were at c. 880 and coming out of covid in February 2022 membership levels were considerably lower at c.603. Nationally, recovery for fitness has been relatively slow with the majority of centres continuing to operate at levels lower than pre-covid. Consequently, the business plan assumes that there will be growth from the current membership level to the projected latent demand figure over two years, a total increase of 483 members.

<table>
<tr><th></th><th>Year 1</th><th>Year 2 onwards</th></tr>
<tr><td>Number of additional members</td><td>349</td><td>483</td></tr>
</table>
In total, it is projected that the membership base will generate income of £169k in a mature year.

Casual Fitness
It is also projected that there will be some additional casual use of the fitness facilities, projected to be £9.3k per annum.
</td></tr>
</table>

<table>
<tr><th>Activity Area</th><th>Income Projections – Mature Year</th></tr>
<tr><td>Group Exercise</td><td>It is assumed that as a result of the new spin studio there will be an additional 15 classes per week. Average occupancy of classes is projected to be 60% for off-peak and 90% for peak classes. Access to classes will be included within the all-inclusive membership. It is projected that of all users, 15% will be casual, generating additional income of £13.8k per annum.</td></tr>
<tr><td>Soft Play</td><td>It is assumed that the soft play will be targeted at all children under 8 years. The key utilisation assumptions are detailed below.

<table>
<tr><th></th><th>Programme</th><th>Hours per week</th><th>No units</th><th>Utilisation</th></tr>
<tr><td>Term Time</td><td>Casual Under 1's</td><td>65.5</td><td>50</td><td>10%</td></tr>
<tr><td></td><td>Casual Over 1's</td><td>65.5</td><td>10</td><td>10%</td></tr>
<tr><td></td><td>Parties</td><td>4</td><td>15</td><td>50%</td></tr>
<tr><td>School Holidays</td><td>Casual Under 1's</td><td>65.5</td><td>50</td><td>20%</td></tr>
<tr><td></td><td>Casual Over 1's</td><td>65.5</td><td>10</td><td>15%</td></tr>
<tr><td></td><td>Parties</td><td>4</td><td>15</td><td>50%</td></tr>
</table>

The average occupancy takes into account the competition in the catchment area.

There are 110,063 0-14 years olds within a 20-minute drive of Wirral Tennis & Sports Centre. Assuming people visit the soft play facility on average once every two months it results in 4,275 unique users, which is a penetration rate of 4% of the 0-14 year old catchment population.

Total soft play usage is projected to be 25,653 generating annual income of £90k. An uplift is included in year one to reflect the initial impact after opening.

It is assumed that VAT relief will not be applicable to soft play income.</td></tr>
<tr><td>Tag Active</td><td>It is assumed that the Tag Active will be targeted at all children over 8 years, including teenagers and young adults. The key utilisation assumptions are detailed below.

<table>
<tr><th></th><th>Programme</th><th>Hours per week</th><th>No units</th><th>Utilisation</th></tr>
<tr><td>Term Time</td><td>Adult/Children</td><td>40.5</td><td>80</td><td>10%</td></tr>
<tr><td></td><td>Parties</td><td>8</td><td>15</td><td>60%</td></tr>
<tr><td>School Holidays</td><td>Adult/Children</td><td>65.5</td><td>80</td><td>20%</td></tr>
<tr><td></td><td>Parties</td><td>8</td><td>15</td><td>60%</td></tr>
</table>

Total Tag Active usage is projected to be 29,200 generating annual income of £233k. An uplift is included in year one to reflect the initial impact after opening.

It is assumed that VAT relief will not be applicable to Tag Active income.</td></tr>
<tr><td>Secondary</td><td>It is assumed that there will be a new café located next to the soft play and Tag Active area, which can also be accessed by other centre users.

The business plan includes a spend per head for the additional users as a result of the developments but also income from existing users as currently there is no café available.

The following spend per head assumptions have been included:

Fitness users - £0.20
Soft Play & Tag Active users - £2.50</td></tr>
</table>

Activity Area	Income Projections – Mature Year
	Existing centre users - £0.20 Total catering income is projected to be £216k in a mature year. Overall the catering offer is expected to generate a profit in the region of £25k per annum.

7.12. Loss of Income

7.12.1. In 2019/20 the sports hall income was £52,958, at this stage a high level assumption has been made that approximately 20% of income could be retained by transferring activities to other areas such as utilising the tennis hall and outdoor facilities. However, the Council would need to undertake a detailed analysis of the programme of the sports hall and consult with users to understand which additional activities could be displaced to retain further income.

7.12.2. It is noted that following re-opening in 2021 sports hall income was £43k and therefore appears to be recovering well from the pandemic. It is assumed that this income would return to pre-covid levels therefore the loss of income is based on the 2019/20 actuals.

7.12.3. A total loss of income of £42k has been included.

7.12.4. The expenditure relating to the sports hall would remain and transfer to the new facilities e.g. maintenance and utility costs associated with the sports hall space will continue.

7.12.5. If the loss of income can be mitigated by relocating activities to different areas or centres, then the net surplus would increase accordingly.

7.13. Expenditure Projections – Staffing Structures and Costs

7.13.1. The additional staffing designations and hours for the additional elements are set out overleaf.

- Additional group exercise instructors are included on the basis that 20% of the additional 15 classes would be virtual.
- It is assumed that there would be Party Hosts to support the birthday party offer for the soft play and Tag Active, however it is expected that these posts would be existing staff transferred from those that would have supported the sports hall i.e. there is sufficient capacity within the existing structure for these roles. Therefore no additional costs are included in the business plan.
- Supervisors for the Tag Active facility have been included, assuming one member of staff during weekdays and two members of staff at weekends. It is assumed that these posts would also provide a supervisory role for the soft play.
- Food & Beverage Assistants are included for the café, it is assumed that management of the café would fall within the responsibility of an existing management post and therefore no additional management costs are included.

7.13.2. Staff on-costs for each post have been included as detailed below. These reflect the on-costs provided by the Council, which were 18% above National Insurance and Pension contributions.

- National Insurance – 13.8%
- Pension Contribution – 18.2%
- Sickness & Holiday – 6%
- Other - 12%

7.13.3. The staffing to income ratio for the new developments is 26%.

7.13.4. The staffing costs take into account the enhancement of time*1.5 for weekends and 20% after 8pm.

Table 9 - Additional Staffing

Designation	Salary	Total Salary Incl. on-costs	FTE	Total Cost
Tag Active Assistants - week	19,500	29,251	1.32	38,595
Tag Active Assistants - weekend	19,500	29,251	1.50	43,876
F&B Assistants - week	19,500	29,251	1.32	38,595
F&B Assistants - weekend	19,500	29,251	1.50	43,876
Group Ex Instructors - Week	26,339	39,509	0.44	17,559
Group Ex Instructors - Weekend	26,339	39,509	0.17	6,585
TOTAL			**6**	**189,085**

7.14. Other Costs

7.14.1. The assumptions in relation to the key areas of expenditure are detailed in the table below.

Table 10 - Expenditure Projections

Activity Area	Expenditure Projections – Mature Year
Cost of Sales	These have been included at 50% of secondary income.
Maintenance costs	An additional 8k per annum has been included to take into account additional throughput and usage and annual checks required for the soft play/Tag Active frame. Reduced maintenance costs are included in year 1 as it is expected that some elements will be covered by warranty.
Utility Costs	Additional costs have been included to take into account the larger fitness suite and additional usage of the building.
NNDR	No additional NNDR costs have been included.
Lifecycle Costs/Insurance	Lifecycle costs of £24k per annum have been included for the ongoing replacement and updating of the soft play and Tag Active structure and new café/kitchen. No lifecycle costs are included in year 1 and reduced costs are included in year 2. Additional insurance costs have been included at 1% of income.
Equipment	A PC sum of £6.8k has been included per annum for maintenance of the additional fitness / group exercise equipment.
Marketing	An initial launch budget of £10k has been included in year 1 and then marketing costs have been included at 3% of income from year 1. This is slightly higher than the industry average of 1% - 2% to ensure the soft play and Tag Active is marketed effectively against local competition.

Activity Area	Expenditure Projections – Mature Year
Capital costs	No capital costs have been included within this revenue business plan; however it is noted that from year 5-6 onwards a budget to replace the additional fitness equipment will be required.
Central Costs & Contingency	It is assumed that the developments will not incur additional central costs. Risk & Contingency has been included at 5% of income.
Irrecoverable VAT	Irrecoverable VAT rate has been included into the model at 75% on the basis that VAT relief is obtained on sporting income.

7.15. Sensitivity Analysis

7.15.1. The table below illustrates the impact of any changes in income or expenditure on the surplus. It can be seen that a 10% increase in the expenditure projections, would reduce the base surplus to £228k, although a 10% increase in income would improve the annual position by £73k per annum.

Table 11 – Sensitivity Analysis

AMENDMENT TO BASE PLAN	Year 5			
	Variance	Income	Exp	Net
Base Plan		**£732,451**	**£458,301**	**£274,150**
Increased Income (%)	10%	£805,697	£458,301	£347,395
Reduced Income (%)	10%	£659,206	£458,301	£200,905
Increased Income (%)	20%	£878,942	£458,301	£420,640
Reduced Income (%)	20%	£585,961	£458,301	£127,660
Increased Expenditure (%)	10%	£732,451	£504,132	£228,320
Reduced Expenditure (%)	10%	£732,451	£412,471	£319,980
Increased Fitness Income (per station)	£1,000	£812,451	£458,301	£354,150
Reduced Fitness Income (per station	£1,000	£652,451	£458,301	£194,150
Increased Staff Costs (%)	10%	£732,451	£477,210	£255,242
Reduced Staff Costs (%)	10%	£732,451	£439,393	£293,059

7.16. Capital Cost

7.16.1. The capital cost for the development is c.£2,600,000.

7.16.2. Based on the projected surplus position (including risk and contingency) this additional surplus would pay back the capital within 12 years. This reduces to just under 10 years using the surplus pre-risk and contingency allocation.

8. SUMMARY

8.1. The local context review, catchment analysis and competition analysis informed the decision that the ideal facility mix for the centre would be conversion of the sports hall into a Tag Active and soft play facility with supporting café. There would also be a small extension to the gym and a new spin studio.

8.2. The business plan projects that these new developments will generate in the region of £732k income in a mature year, additional expenditure is projected at £458k, providing a net surplus of £274k (excluding cost of capital and risk/contingency), with 119k additional visits a year.

8.3. Inclusion of a risk/contingency allowance reduces the surplus to £237k per annum.

APPENDIX 1 – Latent Demand for Health & Fitness

MOSAIC UK Type	Total Adult Population *(15+)*	Total Health & Fitness Demand
A01 World-Class Wealth	0	0
A02 Uptown Elite	13	0
A03 Penthouse Chic	0	0
A04 Metro High-Flyers	0	0
B05 Premium Fortunes	64	1
B06 Diamond Days	856	14
B07 Alpha Families	388	9
B08 Bank of Mum and Dad	635	13
B09 Empty-Nest Adventure	687	13
C10 Wealthy Landowners	0	0
C11 Rural Vogue	0	0
C12 Scattered Homesteads	0	0
C13 Village Retirement	0	0
D14 Satellite Settlers	0	0
D15 Local Focus	0	0
D16 Outlying Seniors	0	0
D17 Far-Flung Outposts	0	0
E18 Legacy Elders	1,797	25
E19 Bungalow Haven	1,058	11
E20 Classic Grandparents	3,353	41
E21 Solo Retirees	2,680	36
F22 Boomerang Boarders	2,705	47
F23 Family Ties	1,836	32
F24 Fledgling Free	700	8
F25 Dependable Me	3,060	41
G26 Cafés and Catchments	166	3
G27 Thriving Independence	1,947	42
G28 Modern Parents	700	14
G29 Mid-Career Convention	718	13
H30 Primary Ambitions	1,543	28
H31 Affordable Fringe	3,806	55
H32 First-Rung Futures	2,924	38
H33 Contemporary Starts	40	1
H34 New Foundations	89	1
H35 Flying Solo	284	3
I36 Solid Economy	132	2
I37 Budget Generations	1,518	17
I38 Childcare Squeeze	6,659	79
I39 Families with Needs	7,139	76
J40 Make Do and Move On	926	10
J41 Disconnected Youth	966	7
J42 Midlife Stopgap	2,032	25
J43 Renting a Room	8,042	94
K44 Inner City Stalwarts	0	0

MOSAIC UK Type	Total Adult Population *(15+)*	Total Health & Fitness Demand
K45 Crowded Kaleidoscope	0	0
K46 High Rise Residents	457	2
K47 Streetwise Singles	1,433	14
K48 Low Income Workers	5,398	55
L49 Dependent Greys	2,909	15
L50 Pocket Pensions	704	4
L51 Aided Elderly	2,220	11
L52 Estate Veterans	624	7
L53 Seasoned Survivors	4,392	42
M54 Down-to-Earth Owners	546	6
M55 Offspring Overspill	3,546	45
M56 Self Supporters	4,144	48
N57 Community Elders	0	0
N58 Cultural Comfort	0	0
N59 Asian Heritage	0	0
N60 Ageing Access	1,256	22
O61 Career Builders	262	5
O62 Central Pulse	115	1
O63 Flexible Workforce	0	0
O64 Bus-Route Renters	2,915	34
O65 Learners and Earners	0	0
O66 Student Scene	0	0
Sub Total	**90,383**	**1,110**
Add consideration for 30% of members from outside catchment		*476*
Minus consideration for competition / decay on catchment fringes		*-500*
Estimate of Total Demand for Health & Fitness		**1,086**

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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