

Appendix 4 – Operating Model Appraisal

The model is based on a total of 36 non-floodlit tennis courts across Wirral, providing a total of 122,640 playing hours per year. (IMD1-5 3 parks, 15 courts). The total penetration of demand across all sites is 15,733.

The following assumptions have been made in developing the operating models.

- The national benchmark for Pay and Play is 7% of the penetration of demand
- The national benchmark for annual 'season ticket/pass' purchases is 23% of the penetration of demand. For Wirral modelling this has been set to 18% to allow for overlapping of park sites and margins for sales (5% less than average).
- Pay and Play charge of £4 per court per hour. (Discounted charges are not applied to the model)
- Annual season ticket/pass is based of a cost of £35 per annum
- The Lite gate access system has an annual fee of £500
- The lifespan of a tennis court is guided at 10 years
- A sinking fund recommendation of £1200 per court per year is applied (note – application of general principle). The condition of the courts in relation to lifecycle and cost of maintaining the court as playable should be considered as part of any future Tennis Strategy.
- For Birkenhead Park the 4 mini courts are equated to a single tennis court.
- Current grass courts have been excluded from the modelling.
- No income generated from coaching has been included in the modelling.
- For Option 3 - 10% of courts at IMD 6-10 sites and 20% of courts at IMD 1-5 sites have been allotted as free of charge.

Option 1: All sites Free of Charge for Court Bookings

Annual Income Projections:

Income from court bookings - £0

Sustainability Requirement - £54,000

Difference (sustainability vs income) - (£54,000)

This option would retain free access to local park tennis courts and provide no financial barrier for participants, regardless of disposable income

- Risk of access to LTA investment being denied, unless the Council can provide a sustainability commitment over the next 10 years, for regular maintenance and future Cap Ex to replace courts at the end of their life cycle.
- A number of existing courts are close to the end of their lifecycle and could be unplayable in the next 1-3 years without investment. No budget has been allocated and the risk of loss of facilities is compounded.
- Would leave the Council exposed to not being able to deliver the annual maintenance requirement for all courts and reduce the lifecycle period for courts, thereby requiring increased Cap Ex spend and prioritisation between sites.

Option 2: IMD 6-10 subsidising IMD 1-5 park sites

Annual Income Projections:

Income from court bookings **£41,608** (£17,660 P&P/ £23,948 Annual Pass)

Sustainability Requirement -£54,000

Adjusted Sustainability Requirement *(Based on LTA recommended guidance for the maintenance and future Cap Ex to protect courts as well as charges for gate access systems)*

Costs (IMD sites 6-10) - £30,735

Costs (IMD sites 1-5) - £22,813

Total Costs **-£53,548**

Difference (costs vs income) - £11,940

The pros of this option are:

- Income generated would be sufficient to maintain, operate and rejuvenate all tennis court stock.
- The model differentiates between tennis facilities in different IMD areas, removing financial barriers
- As sinking fund provision offers the sustainability of all courts it would provide the opportunity to draw on the LTA Parks Investment grant funding.
- An income generating model opens up to attracting an operator for the court bookings and programme delivery.
- Tennis courts would be improved and provide a more positive player experience.
- Tennis in IMD 1-5 parks remains free to access, with their future sustained through charging at other sites.

The cons of this option are:

- The model creates a distinct difference between tennis facilities in different IMD areas.
- The model may restrict movement between sites across Wirral or lead to an unsatisfied demand on free to access sites.
- Lower income households in less deprived IMD areas will not have equal access to free to access courts as lower income households in lower IMD areas.
- A clear narrative would be required around the rationale that may be open to challenge.
- The income generated has to cover the liability of all courts, therefore reducing the profit and attractiveness to an operator.

All sites Charged for Court Bookings and free of charge for residents in receipt of financial benefits.

Annual Income Projections:

Income from court bookings	£63,382 (£29,433 P&P/ £33,949 Annual Pass)
Sustainability Requirement	- £54,000p

Adjusted Sustainability Requirement (Based on LTA recommended guidance for the maintenance and future Cap Ex to protect courts as well as charges for gate access systems)

Costs (IMD sites 6-10)	- £30,735
Costs (IMD sites 1-5)	- £21,852

Total Costs	-£52,587
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Difference (costs vs income) £10,795

Sensitivity analysis (5%) £7,626 (10%) £4,457 (15%) £1,287 (20%) -£1,881

The pros of this option are:

- Equity for court bookings across the Wirral parks sites.
- The ability to offer direct subsidy and FOC opportunities in a targeted approach to households with financial barriers (e.g. free annual pass / percentage of free tennis time).
- Projected income is sufficient to cover annual sustainability requirements and draw down LTA Parks investment grant.
- The income generation potential would be the most attractive model for an operator.
- All sites generate an income towards their future maintenance and renovation with the potential to lengthen the life cycle of the courts.

The cons of this option are:

- A communication plan would be required to address the rationale for moving from free facilities to participant contribution.

For consideration:

- Introduction of a peak / off-peak rate for court bookings.
- Introducing a summer (Apr-Aug) and winter (Sept – Mar) charging variation
- Increasing peak court hours charge – to increase income generation and reflect periods of increased demand.
- Increasing the cost of an annual pass (flexibility to spread the payment over several months rather than upfront payment)
 - Increasing income for the operator to invest into community programming. Giving the operator scope to increase charging for court bookings and passes.
 - Modelling on the national benchmark for Annual Pass without the 5% reduction applied.
 - Linking annual passes to community initiatives to drive physical activity levels.

- Annual passes allowing players to access any park tennis court across Wirral.