



BUSINESS CASE REVIEW
NEW SWIMMING PROVISION IN WINCHESTER

Prepared for:



Prepared by:

Continuum Sport & Leisure in Association with



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1. INTRODUCTION & BACKGROUND

Winchester City Council is considering the opportunity of developing a new leisure centre in order to provide high quality and, where possible, larger sports facilities for the local community. The City Council have commissioned this report as part of the next steps to assist them in determining the financial viability of providing a 50m pool (Option A) as compared with a 25m pool with 10 lanes and a teaching pool of 20m by 10m (Option B) as part of a wider leisure centre development to replace the current River Park Leisure Centre.

This report provides a comparative assessment of the likely differences between the capital costs and income and expenditure associated with the aquatics elements of these two options. The outcomes of this work can be used to help the City Council determine which of the two options is the most financially viable and sustainable in the long term running of the facility as part of a wider mix of leisure facilities.

2. OPTIONS UNDER CONSIDERATION & LIKELY CAPITAL COSTS

The options under consideration are at a very early stage in the design feasibility process. The likely schedules of accommodation relating to the two options presented within this report have been calculated by Roberts Limbrick Architects. The associated anticipated capital costs have been calculated by Mace. The outline schedule and anticipated capital costs are set out below for reference. Both of these elements have an impact on the income and expenditure forecasts which are also set out later in this report.

It is recognised that both options would form part of a much wider mix of indoor and outdoor leisure facilities. It would be usual practice to review the viability of all of these elements together. However, based on the specification of the client, the capital costs and income and expenditure forecasts associated with these wider elements have been completely excluded from the forecasts presented in this report in order to enable a like for like comparison of the costs and viability of the swimming pool and associated ancillary facilities only. This report should be read in the context of the above.

It should be noted that if Winchester City Council does not replace River Park Leisure Centre the cost associated with essential expenditure on the facility (including the roof and the changing rooms) is estimated to be in the region of £4 – £7 million inclusive of the costs of closure (Source: Winchester City Council).

2.1 Option A – 50m Pool and Ancillary Facilities

This option includes a 50m x 17m 8-lane pool (850m²). It would incorporate a central 1.5m submersible boom located 25m from one end and a 23.5m x 17m moveable floor providing a range of depths from 0m to 1.8m. The likely schedule of facilities for this option is set out in Figure 1 below, which is broken down by component in Figure 2. A narrative on the ancillary facilities is provided in paragraph 2.3.

Figure 1: Likely Schedule of Accommodation and Anticipated Capital Costs (Option A)

Facilities	Anticipated Gross Indoor Area	Anticipated Capital Costs
Pool store	85m ²	£9,518,321*
Pool water treatment plant	179m ²	
Pool wet plant	50m ²	
Pool dry plant	50m ²	
Spectator viewing main pool	135m ²	
Wet change	625m ²	
Pool hall (including pool area)	1,360m ²	
Total	2,484m²	*See exclusions and notes on page 6

Figure 2: Cost Breakdown by Component (Option A)

The breakdown of anticipated capital costs is provided in the table below for reference:

Swimming Pool Facility Components	Anticipated Costs
Pool Hall (including all circulation space) including fit out costs	£4,451,280
Pool Storage Area including fit out costs	£136,850
Wet Changing Accommodation including toilets, showers, vanity areas, cubicles, officials/staff changing and rest room etc (including all circulation space) in m ² including fit out costs. Note: It has been assumed that no increase in changing is needed for this option as compared with the 25m option	£1,542,500
Plant –all areas of plant space which are associated with the pool hall, movable floor and associated accommodation (including all circulation space) in m ² including fit out costs. Note: some additional unenclosed areas of plant may also be located on the roof	£224,595
Spectator seating area/poolside waiting area (including all circulation space) in m ² including fit out costs	£420,120
Equipment costs	Excluded
Allowance for swimming pool boom	£350,000
Professional Fees @10%	£712,535
Contingency @ 10%	£783,788
Inflation to 3Q2016	£896,653
Total Costs	*£9,518,321

2.2 Option B – 25m x 10 Lane Pool and 20m x 10m Teaching Pool and Ancillary Facilities

This option includes a level deck, 25m x 21m, 10-lane pool (525m²) with a depth ranging from 0.9m to 1.8m. The pool will provide for a variety of swimming activities, including lane swimming, swimming lessons, family fun etc. In addition, a level deck, 20m x 10m (200m²) pool with a moveable floor will be provided within the same enclosure. This pool will provide a range of water depths from 0m to 1.8m to suit a wide range of teaching and other water based activity needs. The pools will offer a combined water space of 725m². Narrative on the ancillary facilities is provided in paragraph 2.3.

Figure 3: Likely Schedule of Accommodation and Anticipated Capital Costs (Option B)

Facilities	Anticipated Gross Indoor Area	Anticipated Capital Costs
Pool store	72m ²	£8,172,171*
Pool water treatment plant	165m ²	
Pool wet plant	50m ²	
Pool dry plant	50m ²	
Spectator viewing main pool and learner pool	90m ² 27m ²	
Wet change	625m ²	
Pool hall (including pool area)	1,186m ²	
Total	2,265m²	

Figure 4: Cost Breakdown by Component (Option B)

Swimming Pool Facility Components	Anticipated Costs
Pool Hall (including all circulation space) including fit out costs	£3,881,778
Pool Storage Area including fit out costs	£115,920
Wet Changing Accommodation including toilets, showers, vanity areas, cubicles, officials/staff changing and rest room etc (including all circulation space) in m ² including fit out costs	£1,542,500
Plant –all areas of plant space which are associated with the pool hall, movable floor and associated accommodation (including all circulation space) in m ² including fit out costs	£213,325
Spectator seating area/poolside waiting area (including all circulation space) in m ² including fit out costs.	£364,104
Equipment costs	Excluded
Professional Fees @10%	£611,763
Contingency @ 10%	£672,939
Inflation to 3Q2016	£769,842
Total Costs	*£8,172,171

2.3 Ancillary Facilities for Both Options

Changing Facilities: The changing facilities for each option will comprise of a combination of unisex changing village and segregated male/female changing to provide the end users with choice and to suit differing needs (including those of individuals and groups). A cleaning storage area for the wet facilities is also included in the changing provision.

Storage Areas: For each option, storage areas will be included to enable the storage of floats, teaching aids, inflatables, lane ropes and lifesaving/training equipment etc.

Spectator Seating: Fixed spectator seating areas for up to 150 people will be provided (NB: spectator seating does not take account of movable seating for competitors/officials around the pool side). For Option B, approximately 100 seats will be provided for spectators of the 25m pool and a further 30 seats will service spectators of the learner pool. For Option A, the 50m pool option, an additional 20 seats will be provided. All seating will include provision for accessible spaces.

*Exclusions and Notes:

It should be noted for both options that:

- The anticipated Gross Indoor Areas are based on the initial feasibility work carried out by Roberts Limbrick and knowledge of other similar schemes. They have not been subject to testing via drawings or specifications.
- The capital costs provided are based on a medium specification with limited available data as no drawings or specifications are currently available for the scheme.
- Equipment costs are excluded.
- Inflation costs at a figure of 10.4% have been used to take into account the predicted inflation on the rates based in the cost estimate to approximately the mid-point of construction 3Q2014 to 3Q2016. The figure used is based on Building Cost Information Services (BCIS) indices which is a part of the RICS – an industry specific, tender price inflation forecast.
- Allowances for any works to external areas or dry side leisure, abnormal costs and equipment costs have been excluded.

2.4 Comparison of Options – Area and Cost

From the capital costs presented above it is possible to compare the gross indoor areas required by each option and their likely capital costs.

Figure 5: Comparison of Options – Area and Cost

Option	Likely Gross Indoor Area	Anticipated Capital Costs*
A: 50m pool, ancillary facilities and circulation space	2,484m ²	£9,518,321*
B: 25m x 10 lane pool with 20 x 10m teaching pool, ancillary facilities and circulation space	2,265m ²	£8,172,171*
Difference	219m ²	£1,346,150*

Option A is anticipated to require a gross indoor area that is 219m² larger than Option B. As a consequence, Option A also has a higher anticipated capital cost as compared with Option B. The difference in these costs is estimated to be in the region of £1,346,150 with Option A costing £9,518,321 as compared with Option B costing £8,172,171. As can be seen in Figure 6, the main cost difference between the two options relates to the cost of the 50m pool hall (£569,502 higher than the 25m + teaching pool option), the swimming pool boom (£350,000), professional fees, inflation and contingencies. The costs of the associated storage, plant and spectator seating areas for the 50m pool (Option A) are also higher than for Option B.

It should be noted that at the time of this report, the capital costs identified are not based on a fixed design and exclude external works and abnormals. At a later stage in the design process these costs will need to be added. This will result in notable cost increases for both options.

Figure 6: Cost Comparison of Options

Swimming Pool Facility Components	Anticipated Costs 50m Pool (A)	Anticipated Costs 25m Pool + 20m Teaching Pool (B)	Difference (A-B)
Pool Hall (including all circulation space) including fit out costs	£4,451,280	£3,881,778	£569,502
Pool Storage Area including fit out costs	£136,850	£115,920	£20,930
Wet Changing Accommodation including toilets, showers, vanity areas, cubicles, officials/staff changing and rest room etc (including all circulation space) in m ² including fit out costs	£1,542,500	£1,542,500	£0
Plant –all areas of plant space which are associated with the pool hall, movable floor and boom and associated accommodation (including all circulation space) in m ² including fit out costs	£224,595	£213,325	£11,270
Spectator seating area/poolside waiting area (including all circulation space) in m ² including fit out costs	£420,120	£364,104	£56,016
Swimming pool boom	£350,000	£0	£350,000
Professional Fees @10%	£712,535	£611,763	£100,772
Contingency @ 10%	£783,788	£672,939	£110,849
Inflation to 3Q2016	£896,653	£769,842	£126,811
Total Costs	*£9,518,321	*£8,172,171	*£1,346,150

3. BUSINESS CASE FOR THE OPTIONS

3.1 Background

In January 2013 Winchester City Council commissioned Continuum Sport and Leisure Ltd (Continuum), in partnership with Falkner Browns Architects and EC Harris, to undertake a feasibility study to look at the options for the River Park Leisure Centre. The study sought to identify the strategic need for the provision of new and enhanced leisure facilities across the City. It recommended a range of different options for consideration by the Council. The research undertaken to support the recommended options and associated financial analysis has informed the business planning exercise associated with this report.

Following on from this report, Winchester City Council commissioned Roberts Limbrick Architects in association with the Mace Group to undertake a more detailed design feasibility assessment of the preferred options. The outcomes of this work to date are summarised in the supporting 'Outline Facility Brief and Site Options Appraisal'.

Between 2013 and 2014 two further studies have been commissioned which look at the supply of and demand for water space in Winchester. These include the 'Built Facilities Assessment for Winchester City Council' (2014) and the 'ASA Hampshire's Swimming Strategy Research Project' (undertaken by Continuum). The outcomes of both of these pieces of work have been reviewed as part of the research for this report. As such, the needs case and associated forecasts relating to income set out in this report are broadly in line with those set out in the original study and are built around an assumed programme of use.

3.2 Consultation with Sport England

In preparing the income and expenditure forecasts for this report consultation with Sport England has also been undertaken. The focus of this consultation was to determine whether there have been any changes to the existing swimming pool stock in the Hampshire area since the completion of the ASA Hampshire research project.

Sport England confirmed that they are not aware of any material changes having been made to the existing pool provision in Winchester or across Hampshire since the ASA research project was completed. However, they commented that there are a number of potential schemes being

progressed across the County. These include projects in Hart (replacing like for like water space at a new leisure centre), the redevelopment of Fleming Park Leisure Centre in Eastleigh (resulting in an increase in water space), the development of a new leisure centre in Fareham (increasing the water space in this local authority area), an ongoing review of water space provision within East Hants linked to the potential redevelopment of Alton Sports Centre and the Whitehill Bordon development plans and the refurbishment and reopening of Oaklands Swimming Pool in Southampton (this water space was excluded from the ASA analysis as the facility was closed at the time of the review). Should these schemes come to fruition they will each bring about an improvement in the quantity and/or quality of the aquatics provision in Hampshire and will go some way to reducing the area's shortfall. It should be noted that the proposal to provide a 50m legacy pool at the Sherfield School in Basingstoke and Deane is no longer being progressed. However, the school continues to have aspirations to develop a new swimming pool at its site.

3.3 Summary of Income and Expenditure

The figures that follow in this section of the report provide anticipated income and expenditure forecasts for the aquatics elements of the project only. They are designed to illustrate the likely differences in income and expenditure between the 50m option (Option A) and the 25m x 10 lane with teaching pool option (Option B) and will support the Council's further assessment of the long-term viability and sustainability of each of these options.

10 year operational income and expenditure models have been constructed for each option. The projections contained within the forecasts are based on a likely programme of use, associated staffing requirements, up to date capital costs (exclusively for the swimming related elements of the scheme) and a detailed review of income and expenditure that relates only to the provision of pool space and associated provision.

The figures presented are based on the Consultant Team's understanding of the site (as informed by the previous study, a review of the information available on the operator's website and telephone enquiries to the centre) combined with industry knowledge, historic centre data (especially 2011/12) and previous discussions with DC Leisure (Places for People). It should be noted that staffing costs are assumed based on industry knowledge and programming and are not based on existing staffing structures or rates of pay by Places for People.

The information that is presented can be used for the following purposes:

- To help determine which of the two options is the most financially viable and sustainable.
- To draw a direct comparison of the likely income and expenditure associated with the pool elements of each of the two options.
- To provide financial data that Winchester City Council can reference and analyse to help with any future discussions about potential capital investment and any possible revised operational profit share arrangements linked to any new facilities.
- To provide financial projections that can help Winchester City Council with their planning for anticipated financing costs that they are likely to need to meet in the years ahead (as part of a wider review of income and expenditure for the preferred option for the site).

In preparing these forecasts, the Consultant Team has:

- Detailed the 10 year forecasts for each of the two options alongside a summary of the assumptions and exclusions (see Appendix 2 – Confidential due to Commercial Sensitivity).
- Adopted an informed yet and cautious approach to growing income and throughput across both options. The figures provided are based upon conservative assessments of income growth and full-scale estimates of expenditure linked to an assumed programme of use and associated usage. Each of the forecasts should be read in conjunction with the stated assumptions (Confidential due to Commercial Sensitivity).
- Reviewed industry data for similar leisure facilities, where it is available.
- Utilised the findings of the previous research and consultation process that was undertaken as well as up to date information on population forecasts, participation and the supply and demand of facilities.

- Utilised actual (historic) financial information from that which was made available for the River Park Leisure Centre site to provide a base from which anticipated operational costs can be calculated (2011/12). More up to date information was not available to support this review.
- Included an annual allocation towards the lifecycle costs that are associated with each development option. These costs have been included at a level that equates to 1% of the anticipated capital cost for each option. It should be noted that these costs have been calculated using the estimates set out in section 2 and are not based on actual designs or full cost estimates (some exclusions apply).

3.4 Key Operational Income and Expenditure Streams

For each option, itemised operational income and expenditure forecasts are set out and explained in detail in Appendix 2 – Confidential due to Commercial Sensitivity. Both options show a number of core income and expenditure streams. These are further explained as follows:

Income

Income generated from the pools in both options is likely to come from 7 leading sources:

- Swim Memberships.
- Swimming Lesson Programme (adults and children).
- Club Hire.
- School Usage.
- Wet Classes.
- Casual Swims.
- Competitions/Events: Assumed to predominantly be league style events.

Following on from Year 1, gradual increases have been applied to each of these elements.

Expenditure

Expenditure related to running both options is likely to fall under 11 key headings:

- Pool Lifeguarding Costs: These have been based on the consultant team's knowledge of market rates and not the rates paid by Places for People.
- Aquatics Instructor Costs: As above, these are based on the Consultant Team's knowledge of market rates and do not represent the rates paid by Places for People.
- Other Staff Related Costs: This is a historic cost which is listed in the accounts for the centre and has been applied as a percentage of the associated staffing costs of each option.
- Utilities: The utilities market remains extremely volatile and subject to notable changes. The Consultant Team has used costs per m² that have been provided by the Mace Group based on their current knowledge of other similar projects.
- Repairs and Maintenance (provisional allowance): These are based on the m² of each option and are based on historic data previously provided.
- Cleaning including Pool Chemicals: These are based on the m² of each option and have been based on historic data previously provided.
- Contribution towards insurance of the whole centre: These are based on the m² of each option and are based on historic data previously provided.
- Contribution towards marketing of the whole centre: This is based on a sum of 2.5% of swimming income.
- Minor equipment and rentals to support the pool programme: Based on Consultant Team estimates and knowledge of historic data.
- Contribution towards rates of the whole centre: These are based on the m² of each option and are based on historic data.
- Lifecycle costs: Based on 1% of the capital costs of each option.

Exclusions and Assumptions

There are a number of exclusions that apply. These are listed in Appendix 2 – Confidential due to Commercial Sensitivity.

Forecast Income and Expenditure

Figures 7, 8 and 9 that follow provide a summary of the financial forecasts for each of the development options.

Figure 7: Predicted Income and Expenditure - Option A – 50m Pool

Year	Income 50m Pool Option A £'s	Expenditure 50m Pool Option A £'s	Surplus/(Deficit) £'s
1	746,363	642,425	103,938
2	768,753	661,698	107,056
3	791,816	681,549	110,268
4	815,571	701,995	113,576
5	840,038	723,055	116,983
6	865,239	744,746	120,492
7	891,196	767,089	124,107
8	917,932	790,102	127,830
9	945,470	813,805	131,665
10	973,834	838,219	135,615
Cumulative Total	8,556,211	7,364,681	1,191,530

Figure 8: Predicted Income and Expenditure - Option B – 25m x 10 Lane Pool with 20 x 10m Teaching Pool

Year	Income 25 x10 lane pool + Teaching pool Option B £'s	Expenditure 25 10 lane pool + teaching pool Option B £'s	Surplus/(Deficit)
1	772,135	611,339	160,796
2	795,299	629,679	165,619
3	819,158	648,570	170,588
4	843,733	668,027	175,706
5	869,045	688,068	180,977
6	895,116	708,710	186,406
7	921,969	729,971	191,998
8	949,628	751,870	197,758
9	978,117	774,426	203,691
10	1,007,461	797,659	209,802
Cumulative Total	8,851,660	7,008,320	1,843,340

As can be seen from the forecasts, both options are likely to be financially viable and generate an operational surplus. A comparative analysis of income and expenditure associated with both options is helpful to determine the differences in income and expenditure linked to each option.

Figure 9: Predicted Income – Option A and B compared with Option B

Year	Income 50m Pool Option A £	Income 25 x10 lane pool + Teaching pool Option B £	Difference (Option A-B) £
1	746,363	772,135	-25,772
2	768,753	795,299	-26,545
3	791,816	819,158	-27,342
4	815,571	843,733	-28,162
5	840,038	869,045	-29,007
6	865,239	895,116	-29,877
7	891,196	921,969	-30,773
8	917,932	949,628	-31,697
9	945,470	978,117	-32,647
10	973,834	1,007,461	-33,627
Cumulative Total	8,556,211	8,851,660	-295,449

Figure 9 illustrates that both options are forecast to generate a significant amount of income over a 10 year period. Overall, Option B (25m pool) is likely to generate a higher level of income than Option A. The forecasts predict that over a 10 year period income from the 50m pool option could be £295,449 less than that of the 25m x 10 lane and teaching pool option.

An analysis of the detailed forecasts of income (provided in Appendix 2 - Confidential due to Commercial Sensitivity) indicates that whilst income from swimming memberships, club hire, casual swims and competitions is likely to be higher over the 10 year period for the 50m Pool option (Option A), income from the swimming lesson programme is likely to be considerably less for the 50m pool option when compared with the 25m x 10 lane pool with teaching pool option (Option B). Income from school usage and wet classes is also predicted to be lower for the 50m pool option. This is because Option B provides the scope for a more diverse programme of activities and has the benefit of including a separate warmer water space suitable for an under 5s lesson programme.

Figure 10: Expenditure – Option A and B

Year	Expenditure 50m Pool Option A £	Expenditure 25 x10 lane pool + Teaching pool Option B £	Difference (Option A-B) £
1	642,425	611,339	31,086
2	661,698	629,679	32,018
3	681,549	648,570	32,979
4	701,995	668,027	33,968
5	723,055	688,068	34,987
6	744,746	708,710	36,037
7	767,089	729,971	37,118
8	790,102	751,870	38,231
9	813,805	774,426	39,378
10	838,219	797,659	40,560
Cumulative Total	7,364,681	7,008,320	356,361

Figure 10 shows that both options carry notable operating costs over a 10 year period. Overall, higher levels of expenditure are likely to be incurred in operating the 50m pool as compared to the 25m x 10 lane pool with a 20 x 10m training pool. The forecasts predict that over a 10 year period expenditure relating to the operation of the 50m pool would be in the region of £356,361 more than Option B.

A review of the 10 year forecasts (provided in Appendix 2 - Confidential due to Commercial Sensitivity) indicate that whilst expenditure on aquatics instructor costs, other staff related costs and marketing are lower for the 50m pool option, the operating costs of all other elements are likely to be higher for this option due to the larger building footprint (219m²), the additional lifeguarding

requirements associated with the water space and the higher lifecycle costs created as a result of the higher initial capital cost.

3.5 Operational Viability

This business planning exercise suggests that both the 50m pool and 25m x 10 lane pool and 20 x 10m teaching pool are likely to be financially viable options as part of a wider re-development of the Leisure Centre. Both of the options are forecast to contribute an annual revenue surplus in excess of £100,000 (before management costs and other exclusions, including the refinement of capital and associated lifecycle costs, have been applied).

Over the 10 year period of the forecast, a cumulative surplus of £1,191,530 is predicted for the 50m pool (Option A) and a surplus of £1,843,424 is forecast for the 25m x 10 lane pool with 20m x 10m teaching pool (Option B). As illustrated in Figure 11 below, Option B is likely to generate additional surplus of £651,810 over the 10 year period.

Figure 11: Forecast Surpluses

Year	Forecast Surplus 50m Option (A) £	Forecast Surplus 25m Option (B) £	Forecast Difference (A-B) £
1	103,938	160,796	-56,858
2	107,056	165,619	-58,563
3	110,268	170,588	-60,320
4	113,576	175,706	-62,130
5	116,983	180,977	-63,994
6	120,492	186,406	-65,914
7	124,107	191,998	-67,891
8	127,830	197,758	-69,928
9	131,665	203,691	-72,026
10	135,615	209,802	-74,186
Cumulative Total	1,191,530	1,843,340	-651,810

As detailed earlier in this section, the main factors that underpin the difference between the surpluses projected for each option are:

- The increased income that could be generated due to the enhanced flexibility and programming opportunities afforded by a 25m x 10 lane pool with the 20 x 10m teaching pool (Option B) as compared with the 50m pool (Option A).
- The higher costs associated with the lifeguarding requirements of Option A as compared with Option B.
- The higher levels of expenditure linked to the running costs of the 50m pool as a direct consequence of this option having a larger footprint (Option A is 219m² larger than Option B).
- The higher levels of expenditure on lifecycle costs of Option A which are a direct result of the higher capital costs of this option.

4. SUMMARY

Drawing on the analysis presented in this report it is possible to conclude that, from a business planning perspective, both of the development options proposed are forecast to be viable elements of a wider leisure centre development to replace the current River Park Leisure Centre. Both could significantly improve Winchester's sporting offer and address the identified need for water space enhancements as well as the over-riding need for investment in River Park Leisure Centre. The forecasts suggest that each option could be operated sustainably and is likely to contribute a surplus across a 10 year period. The ASA report identifies high levels of participation, competitive sport, club membership and instruction across Winchester. The Active People Survey, Market Segmentation analysis and previous consultation with clubs reveal strong evidence of latent demand and a propensity for the local population to participate in swimming and allied water based activities (as evidenced in the previous feasibility study). Population growth forecasts also indicate a strong future market for swimming lessons.

When looking at levels of provision, the ASA report concludes that Winchester has sufficient levels of swimming pool provision. However, this analysis does not fully take into account the age, quality and accessibility of facilities. The report recognises the aspirations of Winchester City Council in relation to new pool provision. The 'Built Facilities Assessment for Winchester City Council' (2014) provides an assessment of need across the Winchester City Council area. It states that 'when just "community use pools" are taken into account, there is a shortfall in provision to meet demand both now and in the future'. The Assessment concludes that developing Option A, coupled with the private sector provision in the area, would be sufficient to meet the projected needs of the population up to and beyond 2031. This implies that both options could, in fact, satisfy the needs of the population up to 2031. This view complements the findings of the Consultant Team's previous needs analysis set out in the original Feasibility Study for the site.

4.1 Summary of the 50m Pool Option (A)

The income and expenditure forecasts, which draw on a sound knowledge of the catchment area, indicate that the 50m pool option for Winchester could be financially viable from an operational perspective. Research indicates that the 50m pool option could:

- Generate an estimated operational surplus of £1,191,530 over a 10 year period (exclusions apply).
- Provide a high quality experience for serious swimming activities.
- Attract and retain a slightly higher number of swim only memberships and casual swims at the facility as compared to the 25m pool option due to the iconic status and attraction of a 50m pool.
- Significantly increase the number of hours available to clubs across the County (and beyond) for long course training (50m lane swimming). As a consequence of this and the overall offer of the site, it is likely to attract enhanced usage from swimming, triathlon and other aquatic clubs from within and beyond Hampshire. It should be noted that there is significant interest from Winchester Penguins Swimming Club for accessing a facility of this type to support their growth and development. There is also notable interest from Tri Team Wessex and Canoe GB and Winchester Canoe Club in having access to a 50m pool.
- Increase the usage of the facility for events and competitions. Whilst the facility will not be a designated regional competition venue, a 50m pool will undoubtedly attract interest from the competitive swimming community for the hosting of league and open style competitions.
- Help meet a perceived need, identified by some consultees in Hampshire, for a 50m pool in the north of the County (identified in Hampshire ASA research report). It should be noted that there is a counterview from other consultees which is also put forward in the ASA report. This is based on concerns about the sustainability and impact of a 50m pool and the lack of financial benchmarking data available from the NGB.
- Increase the water space available across the County (which has an identified deficit of water space) with an uplift of 125m² compared with the net increase which will be achieved by the 25m x 10 lane pool with 20 x 10m teaching pool.

- Incur a higher capital cost than the 25m option (option B) in the order of £1.4 million (exclusions apply and costs relate to the pool and related ancillary facilities only).
- Incur higher running costs, lifeguarding costs and lifecycle costs as compared to the 25m pool option (assumptions apply).

When considering the various merits of this option it should be noted that in order to operate the facility in a financially prudent manner, the pool is likely to operate in split mode, as opposed to full 50m mode, for the majority of the time. 50m mode would be available for a limited number of hours each week, predominantly in the early morning or during off peak periods.

4.2 Summary of 25m x 10 Lane Pool with 20m x 10m Teaching Pool Option (B)

As with the income and expenditure forecasts for the 50m pool, the business planning exercise undertaken indicates that providing a 25m x 10 lane pool with 20m x 10m teaching pool could also be financially viable from an operational perspective. Research indicates that the 25m pool with teaching pool option could:

- Generate an estimated operational surplus of £1,843,340 over a 10 year period (exclusions apply). The projected surplus is £651,810 higher than that forecast for the 50m pool over the same period. This suggests that this option could deliver a higher financial yield.
- Offer more flexibility and diversity of activities within the programme of use enabling this option to cater for the needs of a wider audience.
- Offer the ability to maximise usage and income via swimming lesson programmes, schools use, wet classes and multiple occupancy usage. Overall income for this option is forecast to be higher than the 50m pool over a 10 year period.
- Swimming lesson income is predicted to be higher than the 50m pool option over a 10 year period.
- Be more conducive to offering a better quality experience for swimming lessons (and enable an increased offer for the under 5s) due to the provision of a separate teaching pool where the water temperature can be raised higher than that of the main pool (the water temperature in the 50m pool must remain constant in all areas).
- It is noted that a 50m pool is identified as a priority by Winchester City Penguins Swimming Club. Tri Team Wessex would also like access to a 50m pool. They currently use the existing pool at River Park Leisure Centre for training. Whilst Canoe GB and Winchester Canoe Club consider they could do more with a 50m pool, this larger 25m pool format is considered to be adequate to meet their needs. This option would enable more pool space and water time to be made available for clubs than is currently the case.
- Increase the water space available across the County (which has an identified deficit of water space).
- Incur lower capital costs than the 50m option (the build cost is £1.4 million lower for the pool and ancillary elements only - exclusions apply).
- Incur lower overall running costs as compared to the 50m pool option (assumptions apply).
- Attract less use from clubs within the wider region and competition/events use than the 50m option.
- Lack the iconic status and attraction of a 50m pool but continues to offer significant community benefits and the opportunity to meet local needs.

The relative financial and other merits of each option must be carefully reviewed by the Council as part of their decision making process.



APPENDIX 1

**SUMMARY OF INCOME & EXPENDITURE FORECASTS
FOR OPTIONS A & B & ASSOCIATED DIFFERENCES**

Summary of Likely Income and Expenditure for Options A & B & Associated Differences									
Year	Income £'s			Expenditure £'s			Surplus / Deficit £'s		
	50m Option (A)	25m Option (B)	Difference (A-B)	50m Option (A)	25m Option (B)	Difference (A-B)	50m Option (A)	25m Option (B)	Difference (A-B)
1	746,363	772,135	-25,772	642,425	611,339	31,086	103,938	160,796	-56,858
2	768,753	795,299	-26,545	661,698	629,679	32,018	107,056	165,619	-58,563
3	791,816	819,158	-27,342	681,549	648,570	32,979	110,268	170,588	-60,320
4	815,571	843,733	-28,162	701,995	668,027	33,968	113,576	175,706	-62,130
5	840,038	869,045	-29,007	723,055	688,068	34,987	116,983	180,977	-63,994
6	865,239	895,116	-29,877	744,746	708,710	36,037	120,492	186,406	-65,914
7	891,196	921,969	-30,773	767,089	729,971	37,118	124,107	191,998	-67,891
8	917,932	949,628	-31,697	790,102	751,870	38,231	127,830	197,758	-69,928
9	945,470	978,117	-32,647	813,805	774,426	39,378	131,665	203,691	-72,026
10	973,834	1,007,461	-33,627	838,219	797,659	40,560	135,615	209,802	-74,186
Cumulative	8,556,211	8,851,660	-295,449	7,364,681	7,008,320	356,361	1,191,530	1,843,340	-651,810



APPENDIX 2

CONFIDENTIAL DUE TO COMMERCIAL SENSITIVITY

**INCOME AND EXPENDITURE
FORECASTS & ASSUMPTIONS
10 YEAR PROJECTIONS FOR OPTIONS A & B**



APPENDIX 3

**OUTLINE IMPLICATIONS OF A
REDUCTION TO A 25M X 8 LANE POOL
WITH 20M X 10M TEACHING POOL**

Outline Implications of Reducing to a 25m x 8 Lane Pool with a 20m x 10m Training Pool

At the request of the Client Team, the cost of building a 25m x 8 lane pool with a 20 x 10m teaching pool has also been considered in outline. This option would represent a reduction of 100m² of water space from the main pool tank (19%). When considered as part of the overall water space of a 25m x 10 lane pool with 20m x 10m teaching pool (725m²), downsizing to an 8 lane 25m pool would represent a 14% reduction in available water space. It would also represent a reduction of 244m² (11%) in the overall indoor area of this element of the scheme. As can be seen in Figure A.1 the main areas of reduction are within the pool hall (including pool area) at 128m² and wet changing areas (86m²). Reductions in the size of the pool store and water treatment areas will also apply.

Figure A. 1: Schedule of 25m x 10 lane pool with teaching pool compared with 25m x 8 lane pool with teaching pool.

Facilities	Anticipated Gross Indoor Area of 25 x 10 Lane with Teaching Pool (Option B)	Anticipated Gross Indoor Area of 25 x 10 Lane with Teaching Pool (Option B1)	Different in Gross Indoor Area (Option B – Option B1)
Pool store	72m ²	62m ²	10m ²
Pool water treatment plant	165m ²	145m ²	20m ²
Pool wet plant	50m ²	50m ²	0m ²
Pool dry plant	50m ²	50m ²	0m ²
Spectator viewing main pool and learner pool	90m ² 27m ²	90m ² 27m ²	0m ² 0m ²
Wet change	625m ²	539m ²	86m ²
Pool hall (including pool area)	1,186m ²	1,058m ²	128m ²
Total	2,265m²	2,021m²	244m²

The likely capital cost of this option is £7,285,985* (see exclusions on page 5). This is a decrease of £886,186 from the 25m x 10 lane pool with 20m x 10m teaching pool option (Option B).

It is important to note that the reduction in pool size is likely to impact on income and expenditure associated with this option and does not reflect the needs identified in the previous Feasibility Study. Whilst a detailed business plan has not been developed for this option, the reduction would result in a 19% decrease in the water space available in the main pool and a 14% reduction in the overall water space compared to the 25m x 10 lane facility with 20m x 10m teaching pool.

The true financial impact of this would need to be fully explored via a business planning exercise and was not part of the brief for this work. However, operational experience suggests that the reduction from 10 lanes to 8 lanes is likely to equate to a corresponding reduction in income from public casual swimming in the region of 20-30%. The rationale behind this is that the mix of use possible in a 10 lane pool would not be fully viable in an 8 lane pool and may result in the withdrawal of the ability to offer simultaneous use of the pool for multiple activities (i.e. for clubs/lessons, lane swimming and casual swimming). The decrease in flexibility brought about by a reduction in the number of lanes would require the operational team to make choices about which activities to prioritise at different times during the day.

It should also be noted that whilst the reduction in water space is likely to have a negative impact on income and programming, some operational cost reductions may be achievable (i.e. a reduction of around 10% for utilities, insurance, repairs and maintenance, cleaning and chemicals and rates). The contribution towards lifecycle costs will also reduce due to the reduction in the overall capital cost of the scheme.

In summary, the reduction from a 10 lane to an 8 lane pool is likely to reduce the flexibility and programming of the pool and any associated surplus generated by the aquatics element of the scheme, and is not in line with the needs identified in previous studies. Further modelling to determine the extent of this could be incorporated in the necessary further business modelling for the whole scheme alongside the finalisation of the detailed facility brief. It is also recommended that this is subject to additional consultation with key stakeholders.