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14-4- 2015

Lee Hickin
Joint Assistant Director - Leisure
Bolsover District Council & North East Derbyshire District Council
The Arc,
High Street,
Clowne
Derbyshire
S43 4JY

Dear Sirs

Re: Proposed Leisure Facility Extension Clowne Leisure Centre

Thank you for giving Pulse Fitness the opportunity to be your Business Partner in this exciting project.

I can confirm that we have professionally surveyed the site and have pleasure in detailing our proposal below.

Strategic Leisure Development Partnership

This is our Partnership option whereby **Pulse** would Design, Build, Fit-Out ready to trade a new facility as enclosed at the above site. Within the proposal Pulse can also offer if required Funding and Operational Marketing Support.

Through our dialogue to date Pulse has designed the upgrade and extension of the existing building to include the following.

- A new build extension incorporating;
- A new 25m x 6 lane deck level swimming Pool
- A new 12m x 5m deck level learner Pool
- A new water slide feature
- A new village change to accommodate male and female's, children and schools and all including disabled facilities with various size lockers and cubicles
- A new poolside thermal suite with sauna, steam room, ice room, experience shower and relax beds

A new children's soft play area
A new cafeteria / vending area allowing for poolside viewing
All associated plant rooms and escape staircases.

First Floor

At first floor level we will be enlarging the existing fitness suite to allow for up to 90 stations plus functional training
Creating 2 new dance studios
Creating 1 new spin studio
Creating 2 new offices
Incorporating associated plant rooms and escape staircases

Suitability and Sustainability of proposed facility mix;

This was assessed with our in-house development team using our 35 years of experience in the design and build of new leisure facilities across the UK including Northern Ireland where we have a track record of over £100m of investment into successful leisure centre development projects such as this one. We also engaged the Leisure Database Company (an Independent government recognised organisation) to assess the latent demand for use of such facilities around the location of the Clowne Leisure Centre. As an organisation we have been using these reports for the last 15 years on all of our projects and can confirm that we often trade above these numbers given in this proposal. As you will see the independent report is predicting 2161 possible members of the fitness facility for business plan purposes we have assumed achieving 60% of this number for trading purposes but have also demonstrated within our business model the effect of achieving 80% of this number on the upside and less than 40% of this number on a downside.

The budget for the project has been produced by our chief project estimator using the actual costs and data from recent similar projects and historical projects in this sector so we are using current live data and therefore accurate data to achieve the budget costs enclosed. We are more than confident that we are able to deliver the enclosed scheme within the enclosed budget.

The time scale for the project will be to achieve planning permission by mid-July (planning has already been applied for) and to start on site Mid to end of September this year with a completion date of September 2016.

The effect of all the information above has been captured in the enclosed business plan and is supported by the drawings, budget costs and latent demand.

I hope this clarifies our offer and look forward to the fine tuning of this project in due course. In the meantime, should you wish to discuss anything further, please do not hesitate to contact me.

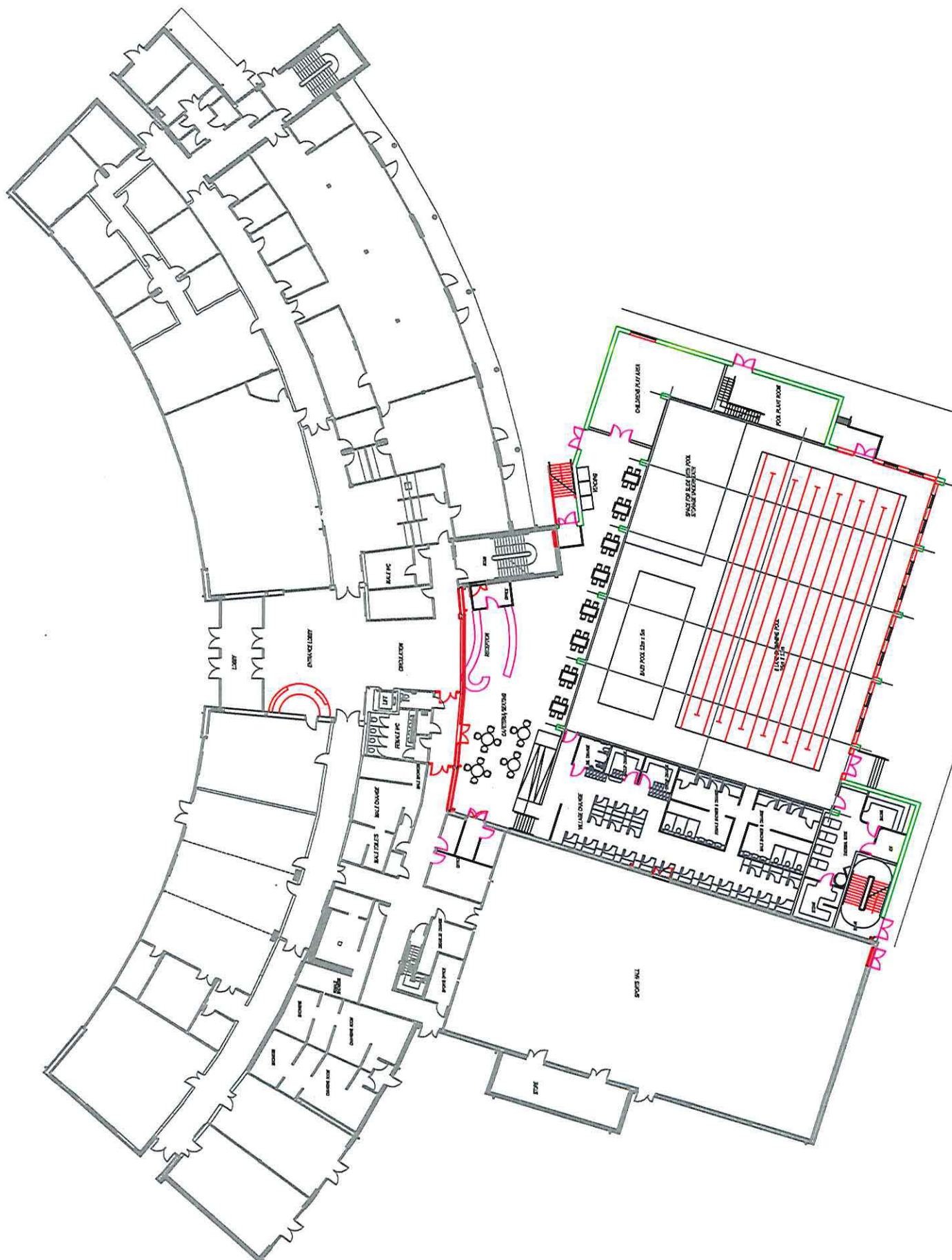
Yours sincerely
For PULSE FITNESS



Chris Johnson
Managing Director

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TITLE:	PROPOSED LAYOUT THE ARC GROUND FLOOR		Date: 30/03/15
	Designer: CPJ	IG	
	Transit:		
	Scale:	NTS	
	DRG No:		



Feasibility Budget

Project

THE ARC - BOLSOVER

Room	Area	£/m2	Cost
NEWBUILD			
Ground floor extensions			£1,130,800.00
First Floor extensions			
FIT OUT			
GROUND FLOOR			
Pool & Plantroom			£1,912,805.00
Servery / Kitchen /Pool viewing			
Play Kingdom			
Corridors / Stairs			
Staff office			
Thermal Suite			
Village Change			
FIRST FLOOR			
Dance / Spin Studios (excluding equipment)			£603,053.00
Offices			
WC's			
Corridors			
Fitness Suite (excluding equipment)			
EXTERNAL WORKS			
Additional Car Parking spaces		EXCL	
External works, pavings etc		£10,000.00	
Underground drainage		£15,000.00	£25,000.00
Preliminaries		£175,000.00	£175,000.00
			£3,846,658.00
Design Contingency			£150,000.00
			£3,996,658.00
LESS			
Planning application fee paid direct by Bolsover DC			£10,780.00
Pre-Contract Architectural design Services			£20,000.00
			£3,965,878.00

Latent demand for new Clowne catchment

Bolsover District Council

Please find attached the demand estimate for the proposed new gym / pool in Clowne – can I ask you to forward this to Lee, please?

Planned Clowne Sports Facility

Catchment Area & Demographics

Clowne is a village of around 8,000 people set between the M1 (junction 30) and Creswell. The latter has hitherto had a leisure centre of its own with swimming pool. A 2 mile radius around the Clowne centre takes in a small, though largely uninhabited area west of the M1, as well the villages of Barlborough, Elmtun and Shuttlewood. The larger town of Bolsover - which has a population of 12,000 but no significant health & fitness provision - is c.3 miles to the south. A 2 mile radius around Clowne largely excludes the population of Creswell but extends the population to 14,177. However, we understand that plans are afoot to construct a new leisure centre with swimming pool and 100 station gym in the town, which would, following the closure of the Creswell centre, take over as the main provider for the district population east of the M1 (including Clowne, Creswell, Whitwell and Bolsover).

With existing leisure provision in Eckington, Killamarsh and, in particular, the substantial Healthy Living Centre in Staveley, on the north east side of Chesterfield, we expect that the vast majority of users of the new Clowne facility – but by no means all – will come from east of the M1. We have therefore concentrated on identifying population numbers in a catchment area which serves those communities which are either currently largely without gym and pool facilities, or would be if Creswell Leisure Centre were to close.

12 minutes drive around the Clowne site extends: *south* to take in the whole of Bolsover, also reaching the A617 and junction 29 on the M1 and the northern fringes of Shirebrook, without including significant population numbers there; *east* to include Creswell and reach the junction of the A60 and the A6219 Worksop Road (again, without including any Worksop residents); *north* to Kiveton Park and (on the other side of the motorway) Killamarsh; *west* to include the fringes of Eckington, Netherthorpe, Staveley and Inkersall Green. In all, just over 60,000 people live within this catchment but this number falls to **41,445** if we omit those living west of the M1. A similar equation sees the 53,000 population within 4 miles fall to 37,000 east of the M1 ONLY.

The 41,445 people living within 12 minutes of Clowne to the east of the M1 fall, largely speaking, into three Mosaic groups. More than a quarter of the population are described as I Ex-Council Community (*'residents with comparatively few qualifications but sufficient incomes who live in the better right to buy council houses'*). Many of these people will have worked in industry, so the average age is probably relatively high. Disposable incomes are modest so the lower the price point the more likely people are, in general, to take up fitness offers.

A further 15% of the population are M Industrial Heritage (*'families and couples owning affordable older style housing in communities historically dependent on manufacturing'*). Again, affordability and accessibility are likely to be the key needs within this segment. A higher than average proportion of these people are likely to be approaching or already in retirement.

Group D Small Town Diversity is something of a 'catch all' segment which contains the 'Jacks of all Trades' who live in every small town and village; mostly blue collar, middle aged workers where propensity to join gyms is steady but unspectacular.

Competition

In terms of local competition, the Healthy Living Centre in Staveley probably makes the most persuasive case for removing those living west of the M1 from the demand equation. It has a 150 station gym, studio and spa, with more than 2,500 members paying £29.99/month. This will be the default choice for many of those living on the east side of Chesterfield. It is also accessible for Bolsover residents crossing the M1 at junction 29A.

The main private sector competition for the Clowne facilities is Harts Strength & Fitness Centre (60 stations, £24.99/month), while there is also a smaller gym – albeit with very limited public access - at Heritage High School. The current facilities at Creswell Leisure Centre include a 27 station gym and 18m swimming pool but no sports hall. Our demand estimate assumes that this centre would close, leaving Clowne as the centre for provision in the area.

Swimmers (and gym users) from the Shirebrook and Market Warsop area, just outside the catchment area to the south may be using the Meden Sports Centre, with its 20m pool and 33 station gym – membership is believed to be under £15/month. Shirebrook Leisure Centre is just over 12 mins from the planned Clowne site.

Worksop has its own wet/dry leisure centre, managed by Barnsley Leisure Trust, as well as a Bannatynes club. Membership at the leisure centre costs £25.95.

Latent Demand

Our supply demand model suggests that it should be possible for a brand new facility to attract 1,846 members from within the adjusted 12 minute drivetime, assuming an average price point of around £30/month. With no existing member base of the same kind on which to base estimates, it is difficult to say with certainty what proportion of the membership will travel from *further* afield, but for the time being we estimate that approximately one in four of the total would come from more than 12 minutes away OR from west of the M1. This takes the gross membership potential to 2,461. However, the indications are that there would almost certainly be some decay on the fringes of the catchment, as potential users in fact gravitate to other fitness options nearer too them, even if these are ultimately inferior. This can particularly tend to happen in areas where the local population is broken up into a number of smaller towns and villages. We should remember that, at the end of the day, fewer than 14,000 people live within 2 miles of this site and the centre would be making considerable demands on the mobility of the local population. We think that around 300 of the total might fall into this category, leaving a net demand figure of **2,161**. This is how many members we think the facility could ultimately attract.

ESTIMATE OF LATENT DEMAND FOR HEALTH AND FITNESS Replacement CLOWNE LEISURE CENTRE - 12 mins drive (East of M1 ONLY)		
MOSAIC UK Type	Total Population	Total Health & Fitness Demand
A01 Global Power Brokers	0	0
A02 Voices of Authority	0	0
A03 Business Class	0	0
A04 Serious Money	35	1
B05 Mid-Career Climbers	888	49
B06 Yesterday's Captains	133	8
B07 Distinctive Success	53	3
B08 Dormitory Villagers	475	22
B09 Escape to the Country	347	22
B10 Parish Guardians	189	11
C11 Squires Among Locals	93	6
C12 Country Loving Elders	270	6
C13 Modern Agribusiness	114	3
C14 Farming Today	12	0
C15 Upland Struggle	0	0
D16 Side Street Singles	369	24
D17 Jacks of All Trades	2,856	163
D18 Hardworking Families	1,791	91
D19 Innate Conservatives	945	46
E20 Golden Retirement	21	1
E21 Bungalow Quietude	1,381	22
E22 Beachcombers	39	0
E23 Balcony Downsizers	9	1
F24 Garden Suburbia	24	1
F25 Production Managers	893	50
F26 Mid-Market Families	1,475	68
F27 Shop Floor Affluence	1,171	82
F28 Asian Attainment	0	0
G29 Footloose Managers	21	1
G30 Soccer Dads and Mums	605	43
G31 Domestic Comfort	644	49
G32 Childcare Years	613	53
G33 Military Dependents	0	0
H34 Buy-to-Let Territory	0	0
H35 Brownfield Pioneers	395	25
H36 Foot on the Ladder	32	2
H37 First to Move In	35	2
I38 Settled Ex-Tenants	3,635	140
I39 Choice Right to Buy	1,146	50
I40 Legacy of Labour	5,759	239
I41 Stressed Borrowers	73	3
J42 Worn-Out Workers	366	13
J43 Streetwise Kids	65	3
J44 New Parents in Need	2,453	90
K45 Small Block Singles	462	12
K46 Tenement Living	0	0
K47 Deprived View	0	0
K48 Multicultural Towers	0	0
K49 Re-Housed Migrants	0	0
L50 Pensioners in Blocks	390	8
L51 Sheltered Seniors	775	7
L52 Meals on Wheels	56	1
L53 Low Spending Elders	1,709	35
M54 Clocking Off	2,732	104
M55 Backyard Regeneration	1,143	76
M56 Small Wage Owners	2,446	103
N57 Back-to-Back Basics	803	47
N58 Asian Identities	0	0
N59 Low-Key Starters	1,470	62
N60 Global Fusion	0	0
O61 Convivial Homeowners	0	0
O62 Crash Pad Professionals	0	0
O63 Urban Cool	0	0
O64 Bright Young Things	0	0
O65 Anti-Materialists	0	0
O66 University Fringe	0	0
O67 Study Buddies	0	0
Sub Total	41,445	1,846
Add consideration for 25% of Members from outside catchment		615
Minus consideration for decay / excessive competition		300
Estimate of Total Demand for Health & Fitness		2,161

Proposed Price List

Gym Swim and Classes Health & Fitness Price List		Price list	PRICE
Joining Fee - Per person			£50.00
Admin fee - Per Person			£20.00
All Inclusive Memberships Fee - Per Person/Per Month			£32.00
Corporate Memberships Fee - (8 people or more) per month			£20.00
All Inclusive Memberships Fee - Students / Senior Citizens - Per Person / Per Month			£20.00
Pro-Rated Dues (Per Day) Single			£1.00
Pro-Rated Dues (Per Day) Corporates each per day			£0.02
Pro-Rated Dues (Per Day) Student / Senior Citizen & GP Referrals			£0.07
One Month Notice Payments (Single)			£32.00
One Month Notice Payments (Corporates)			£20.00
One Month Notice Payments (Student / Senior Citizens & GP Referrals)			£20.00
Annual Up front Single (12 Months plus 2 months free)			£300.00
Annual Up front Corporate			£300.00
Annual Up front Student / Senior Citizen & GP Referral			£300.00
Casual			
Induction & Personal Program			£35.00
Cash Sessions			£5.00
Exercise Classes			£5.00
Senior Citizens (over 60)			£5.00
GP Referral upto 12 Weeks (Off Peak)			£5.00
Junior All Inclusive Membership per month			£10.00
Junior Session			£2.50
School Groups (Off Peak)			£2.50

OPENING HOURS	Open AM	Close PM	Hours Open
Monday	6:00 am	10:00 pm	16:00
Tuesday	6:00 am	10:00 pm	16:00
Wednesday	6:00 am	10:00 pm	16:00
Thursday	6:00 am	10:00 pm	16:00
Friday	6:00 am	9:00 pm	15:00
Saturday	7:00 am	5:00 pm	10:00
Sunday	10:00 am	8:00 pm	10:00
			99.00

STAFFING	Hours per week	Pay £ / Hour	Pay £ / week	Pay £ / Month	Pay £ / Year	Plus Oncosts @ 20%
CLIENT COSTS						
Centre Manager	1	£17.00	£629.00	£2,725.67	£32,708	£39,250
Duty managers	1	£13.00	£481.00	£2,084.33	£25,012	£30,014
Duty managers	1	£13.00	£481.00	£2,084.33	£25,012	£30,014
Duty managers	1	£13.00	£481.00	£2,084.33	£25,012	£30,014
Receptionists	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Receptionists	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Receptionists	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Cafe Attendants	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Cafe Attendants	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Attendants	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Attendants	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
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Attendants	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Attendants	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Swimming Staff Costs	17	£157	£5,824	£25,236	£302,838	£363,405
Fitness Instructor	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Fitness Instructor	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Fitness Instructor	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Class Instructor	1	£20	£600.00	£2,600.00	£31,200	£37,440
Fitness Staff Costs	4	£43	£1,466	£6,352	£76,222	£91,466
Total Client Costs	21	£201	£7,290	£31,588	£379,059	£454,871
Sales Costs						
Membership Advisor	1	£7.80	£288.60	£1,250.60	£15,007	£18,009
Total Sales Costs	1	£8	£289	£1,251	£15,007	£18,009

Indicative Business Plan Clewne Sports Centre

Income						
Number of Regular Monthly Paying Fitness Members	800	1050	1300	1550	1800	
Average price per member Per / Month	£28	£29	£29	£28	£28	
Fitness Direct debit Income Per Year	£278,400	£365,400	£452,400	£539,400	£626,400	
Fitness New Membership Sales per year	960	1,260	1,560	1,860	2,160	
Fitness One Month Notice / Pro Rated Dues	£41,760	£54,810	£67,860	£80,910	£93,960	
Fitness Joining / Admin Fees	£0	£0	£0	£0	£0	
Fitness Cash Income	£24,000	£24,000	£24,000	£24,000	£24,000	
Dance Studio Income	£12,000	£12,000	£12,000	£12,000	£12,000	
Fitness Cash Income per year	£77,760	£99,810	£103,860	£116,910	£129,960	
Total Fitness Income Including VAT	£356,160	£465,210	£556,260	£656,310	£756,360	
Soft Play Income	£27,300	£27,300	£27,300	£27,300	£27,300	
Café Income	£75,000	£75,000	£75,000	£75,000	£75,000	
Vending Income	£25,000	£25,000	£25,000	£25,000	£25,000	
Retail Sales Income	£20,000	£20,000	£20,000	£20,000	£20,000	
Whole Sports Hall / Event Income	£2,000	£2,000	£2,000	£2,000	£2,000	
Whole Sports Hall Sports	£18,200	£18,200	£18,200	£18,200	£18,200	
Badminton	£18,720	£18,720	£18,720	£18,720	£18,720	
Gymnastics	£10,900	£10,900	£10,900	£10,900	£10,900	
Trampoline	£5,824	£5,824	£5,824	£5,824	£5,824	
Art/Craft Pitch Income	£26,000	£26,000	£26,000	£26,000	£26,000	
Swimming Private lessons	£100,000	£100,000	£100,000	£100,000	£100,000	
Swimming School Income	£25,000	£25,000	£25,000	£25,000	£25,000	
Swimming Club Income	£20,000	£20,000	£20,000	£20,000	£20,000	
Swimming Gala Income	£2,000	£2,000	£2,000	£2,000	£2,000	
Swimming Parties Income	£10,000	£10,000	£10,000	£10,000	£10,000	
Swimming Adult Income	£109,000	£109,000	£109,000	£109,000	£109,000	
Swimming Junior Income	£30,000	£30,000	£30,000	£30,000	£30,000	
misc income	£10,000	£10,000	£10,000	£10,000	£10,000	
Swimming Pool / Coffe Shop Income per year including VAT	£534,944	£534,944	£534,944	£534,944	£534,944	
Total Income Including VAT	£891,104	£991,154	£1,091,204	£1,191,254	£1,291,304	
Less Operator Costs						
Central Overhead Costs	£363,405	£363,405	£363,405	£363,405	£363,405	
Swimming Pool Employment costs	£91,466	£91,466	£91,466	£91,466	£91,466	
Fitness Suite Employment Costs	£4,000	£4,000	£4,000	£4,000	£4,000	
Staff Training and uniform	£55,000	£55,000	£55,000	£55,000	£55,000	
Rates	£55,000	£55,000	£55,000	£55,000	£55,000	
Electricity	£40,000	£40,000	£40,000	£40,000	£40,000	
Gas	£15,000	£15,000	£15,000	£15,000	£15,000	
Sewage	£15,000	£15,000	£15,000	£15,000	£15,000	
Water	£20,000	£20,000	£20,000	£20,000	£20,000	
Property Repairs and Maintenance	£6,000	£6,000	£6,000	£6,000	£6,000	
Cleaning Materials and Services	£8,500	£8,500	£8,500	£8,500	£8,500	
Pool Chemicals	£2,500	£2,500	£2,500	£2,500	£2,500	
Liencas	£10,000	£10,000	£10,000	£10,000	£10,000	
General equipment purchases-Maintenance-Rental	£27,000	£27,000	£27,000	£27,000	£27,000	
coffee shop purchases	£1,000	£1,000	£1,000	£1,000	£1,000	
stationary, printing	£2,500	£2,500	£2,500	£2,500	£2,500	
telephones	£2,000	£2,000	£2,000	£2,000	£2,000	
Insurance	£18,009	£18,009	£18,009	£18,009	£18,009	
On Site Membership Sales Staff Cost	£2,500	£2,500	£2,500	£2,500	£2,500	
Membership Sales Commissions	£500	£500	£500	£500	£500	
Administration Materials	£6,000	£6,000	£6,000	£6,000	£6,000	
Software Maintenance costs	£2,000	£2,000	£2,000	£2,000	£2,000	
On-Going Staff Training Costs	£350	£350	£350	£350	£350	
Operational Performance Audits	£50,000	£50,000	£50,000	£50,000	£50,000	
Fitness Equipment Leasing Costs	£158,000	£158,000	£158,000	£158,000	£158,000	
Capital and Interest Costs on £2m	-£170,000	-£170,000	-£170,000	-£170,000	-£170,000	
Subsidy Savings						
Total Operating Costs Including the cost of Borrowing	£785,730	£785,730	£785,730	£785,730	£785,730	
Site Surplus / (Loss) To Leisure Centre	£105,374	£205,424	£305,474	£405,524	£505,574	