

## **Craven Pool and Leisure Spinning Bikes Improvements**

### **Business Case (in support of Capital Bid)**

#### **Introduction**

As part of the 2016/17 capital programme Craven Pool and Leisure Centre (CPLC) made a bid of £235,000 to replace the majority of the gym equipment including the spinning bikes. On further challenge of the project and the need to replace the equipment in the 2016/17 capital programme it has been agreed that the gym equipment project could be put on hold for another 2 years.

When the gym equipment was replaced 5 years ago Pulse Fitness provided the Centre with 11 complimentary spinning bikes (10 for participants and 1 for the instructor) which have proved to be a huge success and have made good contributions to the centre's exercise class income.

#### **Current Position**

The Centre current runs 29 spin classes per week, which has gradually increased to the current level since the beginning of 2015 due to their popularity. As a guide the industry expects each bike to be utilised at a rate of 15 hours per week based on average popularity. However, due to the incredible popularity of this particular exercise at CPLC the bikes are working almost twice as hard.

As with all exercise classes, full membership of the Centre allows for members to access the spin classes as part of their membership fees. This together, with all add on facilities offered through the centre undoubtedly contributes to the continuing success of membership numbers when compared to many of its competitors, as it is the whole package membership that attracts a large number of people to join. Notwithstanding that there are also a number of non-members that book onto the spin classes generating additional income for the Centre. (See financial information below for breakdown of figures).

Unfortunately, due to their level of success, the spin bikes are now in an exceedingly poor condition and the subject of many customer complaints. As well as attracting complaints the spin classes are often unable to achieve maximum bookings due to up to 4 bikes being out of action awaiting repair. In addition, Craven Energy, the local Triathlon Club has stopped booking the spin bikes at Craven's Centre, due to their condition and instead use facilities elsewhere, which is difficult for them as they have their training facilities spread over several sites. On discussing the matter with the Chairman of the Club he confirmed that, should the bikes be replaced the club would book the facility as part of their training programme.

## **Funding Request**

Given that the gym equipment is not being replaced for a further two years and the spin bikes will not last much longer than a few months Craven Pool and Leisure Centre have modified their equipment capital bid and are now making a capital funding request of £22,000 for the 2016/17 financial year to enable the spin bikes to be replaced as an immediate project. At the very minimum the current level of income will to be retained, with an estimated increase from full use of all bikes and Craven Energy's return to hiring the facility for their training sessions as a direct result of the investment.

However, in addition to the bikes themselves we would like to link the spin bike users up with optional wearable technology - with the recent advent of wearable technology it is now possible to link up the participants to an interactive experience in the spinning classes, through Bluetooth connectivity and heart rate monitors. The individuals within the class can work at their own rate that is relative to them, so that new 'spinners' can sit alongside expert riders and enjoy the same experience. The riders are connected to a TV audio system so that they can be more interactive with the class whilst getting real time feedback.

This will also provide us with an additional secondary sales opportunity through the sale of the heart rate monitors from the shop at reception.

## **Financial Information**

The Leisure Centre's Information Management System provides a valuable insight into the capacity, actual usage and income generated.

When the bikes are at capacity there are 15,080 bookable places annually.

On average 7% of the places are booked by pay as you go customer, the remainder by members.

The classes have been £5.10 for the last 12 months; this is due to increase to £5.20 for the 16/17 financial year.

In addition to the membership fees (attracted partly due to the whole package offer as described above) £3,800 income has been generated from pay as you go customers between 1<sup>st</sup> April 2015 and 29<sup>th</sup> March 2016 (figures taken from the Leisure Centre Management System (Legend) on 29<sup>th</sup> March 2016).

Should the bikes be replaced and the classes remain at 29 per week the following level of income can be achieved:

7% of 15,080 bookable place = 1,055 pay as you go users @ £5.20 per session per user = £5,489

Craven Energy used to book 2 to 3 sessions per week @ £20.00 per session.  
Based on returning at 2 sessions per week £2,080 income could be generated.

Based on £22,000 investment £7,569 in income can be generated. This is an uplift of £3,769 against the 2015/16 income.

However, there is the potential to capitalise further on this with the aforementioned wearable technology which is included in the £22k capital investment. Such technology may well create an increased demand for the classes where additional slots can be programmed. This is entirely possible as the spin room is solely used for this purpose. Based on 3 to 6 additional classes per week an additional £500 - £1,000 income could be generated on a pay as you basis. It is also possible that new memberships will be achieved with this added feature which we are unaware of elsewhere locally.

#### Financial Summary

	Capital Investment	Potential Income
<b>Total investment</b>	<b>£22,000</b>	
Pay as you go income based on 29 classes @ 7%		£5,489
Craven Energy bookings based on 2 per week		£2,080
<b>Total</b>		<b>£7,569</b>
Additional potential:		
Craven Energy 1 x additional session		£1,040
Additional 3 classes per week due to increased demand		£500
<b>Total</b>		<b>£9,109</b>