

Management and operation of the council golf courses

SUMMARY

- 1.1 On 7 November 2012, Cabinet recommended that a soft market tendering exercise be undertaken on the Council's three golf courses and that subject to the response from this exercise, recommended that Head of Terms be drafted for approval. The three Council courses that are being considered by this report are Allestree, Sinfin, and Markeaton Park pitch and putt.
- 1.2 At the Cabinet meeting on 7 November 2012, members also requested that an in-house operating model be developed so that it could be considered alongside the response from the soft market tendering exercise. The assessment and implications of an in-house operating model can be found in paragraphs 4.4 to 4.18 of the report.
- 1.3 As part of the soft market tendering exercise interest was also sought on an option for Allestree Hall and the golf course to be part of a leisure development opportunity. Officers from Regeneration and Estates have assessed the responses on this option and their comments are included in paragraph 4.19 of the report.
- 1.4 In conjunction with the Cabinet Member for Leisure and Culture the following key areas were identified as being the key drivers that would need to be considered and addressed as part of this process:
 - An annual payment should be made to the Council and as such no subsidy should be incurred
 - Increased usage of the courses and increased participation in golf should be achieved
 - Increased investment and improvements in the course and infrastructure should be achieved
 - Full repair and maintenance liability should be the responsibility of the operator
 - Transfer of risk should be achieved for the Council
 - Accessibility through affordable pricing and development of the game should be achieved
- 1.5 An information pack and questionnaire was distributed to 20 external organisations currently involved in managing municipal leisure and golf facilities. The questionnaire was used to assess the following criteria:
 - Whether the organisation would be interested in managing and operating the Council's golf courses
 - What the ideal contract duration for managing and operating the golf courses

- would be for them
 - What key factors would affect the organisation's willingness to tender for the golf contract with the Council
 - What the key 'must haves' for their organisation would be within the golf contract in order for them to deliver a successful contract with the Council
- 1.6 All the organisations were asked to give a brief overview of their experience in the management and operation of golf courses and where appropriate leisure development expertise and experience.
- 1.7 The Council received six completed questionnaires from the 20 that had been issued and a summary of the responses is in paragraph 4.2 of the report and in Appendix 2.
- 1.8 The Council are currently updating the city's Outdoor Sports Strategy to ensure the existing and future needs of outdoor sport provision are assessed with recommendations. It is proposed that the outcome of this is taken into account before making any final decisions for the Council's golf provision.

RECOMMENDATIONS

- 2.1 To further explore the option of externalising the management and operation of the Allestree and Sinfen golf courses, and the Markeaton pitch and putt course.
- 2.2 That prior to making any final decision on the management and operation of the three Council's courses a further report is brought to Cabinet that takes into account the outcomes of the Council's Outdoor Sports Strategy. Should this report be recommending the appointment of a preferred organisation to operate and manage the golf courses; it should also include the main terms and conditions of the proposed lease and contract with the Council.
- 2.3 To approve the following Head of Terms which will form the basis of the assessment that will inform the procurement of an external operator to manage and operate the Council's golf courses;
 - To operate the courses at no cost to the Council and make an annual payment to the Council which is RPI linked.
 - To increase the number of people playing municipal golf.
 - To increase investment and improve infrastructure of the courses.
 - To transfer the repair and maintenance liability of the golf buildings.
 - To offer affordable pricing to the customer.
 - To increase participation and develop the game of golf.
- 2.4 To note that the in-house interim management arrangements for the golf courses will be maintained whilst the further options are explored.

REASONS FOR RECOMMENDATION

- 3.1 The soft market tendering exercise has identified that there is sufficient external interest from the market to progress and undertake a full procurement exercise to

explore further the appointment of a preferred partner organisation to manage and operate the Council's golf courses.

- 3.2 The assessment of the in-house operating model required significant levels of capital investment and this makes the in-house options a less viable option going forward for the Council.
- 3.3 The external management and operation of the Council's golf courses has the potential to provide a long term solution that can transfer and reduce the risk to the Council with the potential to attract investment to ensure the longer term viability of the courses.
- 3.4 This approach ensures that the Council demonstrates best value for money and also secures a long term operating agreement that will be sustainable and improves access to the golf courses and the pitch and putt facilities in the city.
- 3.5 Limited leisure development interest was received for Allestree Hall and those that expressed an interest were keen to limit their on-going liabilities and therefore this was not considered a viable option going forward for the Council.
- 3.6 This approach will enable external consultants who have been employed to update the city's Outdoor Sports Strategy to make recommendations, which can be considered by the Council before any final decision on the management and operation of the two golf courses is made.

SUPPORTING INFORMATION

- 4.1 On 7 November 2012, Council Cabinet approved in principal the procurement of an external operator for the Allestree and Sinfin golf courses and the Markeaton pitch and putt course and requested that Officers draw up Heads of Terms for Cabinet approval. Approval was subject to undertaking two key pieces of work and reporting the outcome of these back to Council Cabinet.
 - a) To undertake a soft market tendering exercise and report the results back to Council Cabinet.
 - b) To develop an in house operating model that could be used to compare against the responses received from the soft market tendering exercise.

Results from the soft market tendering exercise

- 4.2 An information pack and questionnaire were sent out to 20 potential leisure and golf organisations involved in managing municipal golf and leisure facilities. The Council received six completed questionnaires and a summary of the results are highlighted;
 - Five of the six organisations showed an interest in all three of the Council's courses; Allestree Park and Sinfin Golf Courses as well as Markeaton Park pitch and putt.

- All the organisations who responded had a proven track record in the management of golf courses.
- The duration of the contract ranged from a minimum of eight years up to 40 years, with an average contract period being 25 years.
- The results showed that the inclusion of a full repairing lease for Allestree Hall and a requirement to refurbish the Hall and Cotton Farms (Sinfin golf course) would affect their willingness to submit a tender.

4.3 All organisations were asked to identify the key ‘must haves’ from the Council in order to deliver a successful external golf course management contract and these were:

- Genuine partnership working and support
- A requirement for capital investment (on-course and off-course)
- The time and space to develop the golf courses
- Having a Golf Development Plan in place
- Having detailed historic documentation and information for example having a full condition survey as well as financial and membership data.

A summary of the responses from the soft market tendering exercise is included in Appendix 2 of the report.

4.4 **Results from the in-house operating model**

Cabinet recommended that an in house operating model be developed to assess the implications for the Council alongside the interest and responses generated from the tendering exercise. The in-house operating model is based on an assessment of various management areas of the golf courses, which are outlined below;

- Revenue
- Staffing
- Grounds maintenance
- Building maintenance
- Pricing and usage
- General investment

Revenue

- 4.5 Allestree Park and Sinfin golf courses fall within the Leisure Facilities revenue budget currently with the aim of golf operating at no cost to the Council. In 2011/12 the golf courses achieved an operating surplus of £31,500, however in stark contrast, in 2012/13 the courses operated at a cost to the Council of £78,000. The main reason for this was the adverse weather conditions, which resulted in the golf courses being closed collectively for 229 days resulting in loss of income.
- 4.6 In the Council’s medium term financial plan golf courses have a budget target for 2014 – 2015 to operate at a £30,000 surplus. Under the in-house operating model this will have to be achieved by increased income or efficiencies. Alternatively under an external golf management contract this would need to be the minimum rental fee that the Council would need to receive in the first year of the contract.

4.7 Staffing

At present the management and maintenance of the golf courses is split between Leisure Facilities (golf management and operation) and Streetpride (golf course maintenance). The maintenance of the courses is currently provided at a cost of £320,000 to the Council. Different terms and conditions of employment exist across both service areas as highlighted in Appendix 3, paragraph 3.2.1 of the report.

- 4.8 If the golf courses were to continue to be managed by the Council it would be necessary to restructure and develop a new single golf operation and grounds maintenance structure to maximise resources and to meet customer needs. It would also be necessary for the Council to ensure consistency in the terms and conditions of all the employees at both courses and this exercise could be addressed as part of the Equal Pay Review. The cost of this structure is envisaged to be no more than the current staffing expenditure.

Grounds Maintenance

- 4.9 Allestree golf course has a heavily clay based sub surface and is prone to a build-up of thatch which creates ground maintenance problems that have an adverse effect on the quality of the course. Sinfin golf course is also a heavily clay based course that creates on-going drainage issues. Reduced resources, over a number of years, has meant that the Council has only been able to provide a basic ground maintenance programme which has impacted on the course conditions.
- 4.10 A review has been completed on the current grounds maintenance programme against the Sport Turf Research Industry (STRI) guidelines and a comparable private sector operator. The review identified that the current programme for grounds maintenance is below industry standards and would need to improve. It is proposed that the grounds maintenance programme is reviewed and developed based on meeting industry standards outlined in the STRI guidelines.
- 4.11 In order to deliver and maintain the ground maintenance programme for the two golf courses investment is required for dedicated golf machinery at both sites. Over the next five years capital investment is estimated to be £588,850 with an additional £204,000 required over the following five years, as shown in Appendix 3, paragraph 3.3.2 of the report.

Building Maintenance

- 4.12 The golf professional shop and the golf clubhouse are situated within Allestree Hall. Sinfin Golf Course has recently had investment of over £30,000 to relocate the golf professional shop, workshop and office from the 'Farm House' building into the clubhouse.
- 4.13 The Council has no planned maintenance programme in place for the golf courses and there has been very limited investment in the buildings for a number of years. The changing and shower facilities are in a poor state of repair and are outdated. The overall poor 'clubhouse' offer, compared to local competitors, significantly hinders attracting new users to the golf courses.

- 4.14 A condition survey carried out in 2012 on Allestree golf course facilities identified a need for capital investment to maintain the areas in use within Allestree Hall to a safe and accessible standard. Over the next five years it is estimated that £841,000 will be required for the entire Hall and associated buildings, with £110,811 required this year. In terms of the golf operational building areas within the Hall infrastructures £55,000 is required over the next five years with approximately £19,000 required this year. A summary of the capital investment required is outlined in Appendix 3 paragraph 3.4.1.
- 4.15 It should be noted that the condition survey did not cover the following areas;
- Any work directly required on the unoccupied areas of Allestree Hall.
 - Investment required in relation to the Fire Risk Assessment carried out in 2013
 - Future DDA requirements
 - Facility improvements to areas such as toilet and changing room areas, lockers and the golf pro-shop.
- 4.16 A recent condition survey at Sinfyn has not been carried out on the clubhouse, however Property Services will be undertaking a condition survey of the clubhouse in order to identify the works that are required over the next five years. A 2010 condition survey and a 2013 structural survey on Cotton Farm House and adjacent buildings highlighted major issues and Officers are considering the future options for these buildings, one of which is demolition of all or part of the buildings.

Pricing and increasing participation

- 4.17 Over the past 12 months a range of improvements have been undertaken at both courses including;
- The production of an annual golf development plan
 - Introduction of junior and ladies beginner lessons
 - Implementation of a new pricing structure
 - The merger of the golf professional shop and clubhouse operation into one building at Sinfyn

Further improvements and developments are also proposed to take place by the present management operation including;

- Continuing to provide a range of affordable pricing options.
- Developing a three year off course development plan and an annual marketing strategy aimed at attracting and retaining customers.
- Introducing a golf academy for juniors.

General Investment

- 4.18 Over the last 18 months the Council has invested £30,000 to relocate and merge the golf professional shop with the clubhouse building and new information technology has been introduced at both courses.

To increase income consideration should be given to off-course development such as for example a golf driving range and improvements to the clubhouse facilities. A

provisional assessment from an external consultant has identified that the cost of providing a basic driving range at Sinfin golf course would cost between £850,000 and £1.1million with a 10 - 15 year payback. In order to take this forward a more detailed business case would be required.

A summary of the in house operating model is included in Appendix 3 of the report.

4.19 Leisure Development

Limited interest was received from leisure development organisations in taking on Allestree Hall and those that expressed an interest were keen to limit their on-going liabilities and therefore this was not considered a viable option going forward.

OTHER OPTIONS CONSIDERED

- 5.1 The option of a wider leisure development has been considered as part of the appraisal process and Allestree Golf Course, with its location and infrastructure may provide the potential interest from the private leisure and hotel development sector. The response from the soft market test was insufficient to justify taking this forward at this time.
- 5.2 The option of closing one of the golf courses and retaining only one of the courses has been explored. This option is not considered viable as the net expenditure required to maintain the remaining park land would be significantly higher without the income generated from both golf courses.
- 5.3 Although the in house operating model outlined in the report will make improvements to the service it will not provide the long term solution. The option of the Council retaining the management and operation responsibility will require significant capital investment in order to sustain both courses over the short to medium term. The requirement for capital investment and the need to reduce the on-going risk and liability is considerable and therefore could not be recommended as a viable option unless these are addressed.
- 5.4 The development of Trust options will inevitably take time to progress and there are no guarantees that they would be able to generate the investment required in order to provide a long term solution for the golf facilities and therefore could not be recommended at this stage.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Service Director(s) Other(s)	Amanda Fletcher, Jayne Stutt, Strategic HR Business Partner Claire Davenport, Director of Leisure and Culture
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Appendix 1

IMPLICATIONS

Financial and Value for Money

- 1.1 The option of externalising the golf courses has the potential to secure additional revenue and capital contributions from an external operator. This could assist the golf facilities in being more sustainable, accessible and affordable for communities over the longer term.
- 1.2 The procurement of an external operator will require that Officers revise the tender documentation and will provide robust financial arrangements between the Council and the external operator. The procurement process will be led by Leisure Officers in conjunction with Officers from finance, legal, estates and procurement.

Legal

- 2.1 Revised tender documentation will be produced in conjunction with advice and support from legal and procurement.
- 2.2 The procurement process will be OJEU compliant.

Personnel

- 3.1 If Cabinet approve the recommendation to appoint an external operator to manage the golf facilities, it is likely that TUPE will apply. The Council will ensure that staff and their representatives are informed and consulted as appropriate in accordance with the TUPE regulations.
- 3.2 Staff and Trade Unions will be kept fully informed about the progress of the proposals and will be made aware of any potential staffing implications.

Equalities Impact

- 4.1 The option of externalising the golf courses would provide affordable golf for people from all sections of the community wanting access to the sport over the term of the

agreement with an external operator.

Health and Safety

- 5.1 As part of the procurement process the bidders will be required to demonstrate that they have sufficient resources and access to competent health and safety advice, which will allow them to assume responsibility for the effective day-to-day management of health and safety. This will include maintenance of buildings and equipment, compliance with and development of safe working practices, training of staff and routine monitoring and inspection to ensure the safety of staff and customers.

Environmental Sustainability

- 6.1 None directly arising from this report.

Asset Management

- 7.1 Under the terms of the lease agreement the preferred operator would take responsibility for managing and maintaining the courses and the associated golf facilities that have been identified within the lease agreement.
- 7.2 The golf courses require significant levels of investment to bring the building to safe, accessible and modern day standards. This is essential to ensure the golf courses are fit for purpose for future generations. The option to externalise the golf courses takes into account the need for capital investment to improve the infrastructure of both courses.
- 7.3 Officers from Leisure Facilities, Estates and Property Management will need to identify a suitable solution for the Cotton's Farm buildings on Sinfin golf course.
- 7.4 Property Management need to address the immediate issues in relation to the occupied parts of Allestree Hall golf course facilities.

Risk Management

- 8.1 The management of the golf facilities currently resides with the Council and therefore the Council takes full responsibility for the risks associated with the golf courses.
- 8.2 In transferring the management and operation of the facilities the risks to the Council are significantly reduced, for example the Council transfer's risk of income performance, repairs and maintenance, liabilities and the need to invest capital is reduced.

Corporate objectives and priorities for change

- 9.1 The proposal contributes to the Council providing good-quality services that meet local needs; contributes to promoting 'An active cultural life' and 'Good health and wellbeing' as outlined in the Council Plan 2011 – 2014.

Appendix 2

Respondent	Which Golf Courses would you be interested in?	What contract duration would you like to see?	What are the best month(s) for issuing a tender?	Key elements that would affect their willingness to tender	What are the key 'must have's' for the golf operation to be realised?	Experience
JDS Golf	Allestree Park, Sinfen Golf Courses and Markeaton Pitch and Putt	25 years plus	None	Short term agreement – ensure return on time and money invested	Council support / related bodies Time	Fostering relationships with golfers/non-golfers to increase participation. Experience running all day – to-day aspects of golf facility
Mack Trading (Amenity Management) Group Limited	Allestree Park, Sinfen Golf Courses and Markeaton Pitch and Putt	40 years	None	Genuine 'partnership'. Contract documents reflect and alignment of interest to ensure this approach is adopted by both sides	Continuous Improvement on the Golf Courses themselves Investment in Junior Golf Allow 'breathing space' to facilitate this investment	Manage seven municipal golf courses across the UK and Ireland.
Pentland Golf	None	N/A	N/A	N/A	N/A	N/A
Martin Guy Development Ltd	Allestree Park, Sinfen Golf Courses and Markeaton Pitch and Putt	10 years plus	None	No	Experienced management / operational team Capital investment	Manage eight golf courses. Specialists in improving golfing facilities

Glendale Management Services Ltd	Allestree Park, Sinfen Golf Courses and Markeaton Pitch and Putt	Between 8 - 25 years	None	Inclusion of a full repairing lease on a Grade II listed building	A partnership approach Full condition surveys of buildings Up-to-date financial and membership data	Manage eight golf courses Experience in management, maintenance and operation of pay and play courses
Sheffield International Venues	Allestree Park, Sinfen Golf Courses and Markeaton Pitch and Putt	Minimum of 25 years	Pre-November	Requirement to refurbish Allestree Hall and Cottons Farm and operate non-golf facilities on park	Operational experience, high course quality, detailed golf strategy, reliable operating structure, well-structured pricing and membership	Manage four golf courses Experience in management, maintenance and operation of pay and play courses

Summary of in-house operating model assessment

3.1 Revenue

3.1.1 In 2012/13, the golf courses were closed for a combined 229 days. The breakdown for each course was;

- Allestree Park Golf Club 107 days
- Sinfin Golf Course 122 days

3.1.2 To illustrate the impact of adverse weather conditions the below table shows the significant reduction in pay as you go income at the two golf courses.

Year	Pay as you go income
2010 - 2011	£257,000
2011 – 2012	£297,000
2012 - 2013	£169,000

3.1.3 It should be noted that the Council's golf courses are totally dependent on the income generated by golf fees and usage. Unlike other golf courses that have other means of income generation such clubhouse functions, catering, driving ranges etc. At present, if the Council's golf courses are closed there are no other means to generate income and therefore the Council is unable to recover the loss of income caused by closures.

3.2 Staffing

3.2.1 The current golf courses staffing structure is split between Leisure Facilities (Golf course management and operation) and Streetpride (Grounds Maintenance) and operates as show below:

Service areas	Staff cost	Terms and conditions	Working arrangement
Leisure Facilities (Golf course management and operation)	£140,000	National terms and conditions and a Local Agreement in place	Operate over seven days
Streetpride (Course Maintenance)	£180,000	National terms and conditions	Operates over five days with additional staff brought in to cover weekends.

3.3 Grounds Maintenance

3.3.1 The responses to the 2012 customer survey highlighted the top five priorities areas as:

- Greens to run true
- Rough length to be maintained
- Fairways to run true
- Condition of the tee areas
- Bunkers to be raked

All these areas of importance are intrinsically linked to having an effective ground maintenance programme in place.

3.3.2 The below table shows a break-down of the investment required in grounds maintenance equipment over the next 10 years. This investment is essential to deliver and sustain the new grounds maintenance programme.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-23
Replacement equipment required	£164,950	£45,000	£30,000	£171,000	£0	£129,500
New equipment required	£135,000	£6,000	£1,000	£34,000	£1,000	£83,500

3.4 Building Maintenance

3.4.1 The table below shows a break-down of the investment required in Allestree Golf course buildings as a result of the 2012 condition survey.

Priority	Priority Explanation	Amount- Golf operational building areas only	Amount Entire Hall and associated buildings, excluding golf areas	Year
One	Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation	£2,280	£25,390	2013-14
Two	Essential work required within two years that will	£17,030	£85,421	2013-14

	prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation			
Three	Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation.	£35,500	£685,045	2014 - 18
Four	Long-term work required outside the five-year planning period that will prevent deterioration of the fabric or services.	£164	£189	2018 – onwards

3.4.2 With regard to Sinfin golf course Officers from Leisure Facilities, Estates and Property Maintenance are considering the future options for the Cotton Farm House and adjacent buildings. A condition survey was undertaken in 2010 and identified approximately £110,500 of investment required to maintain the facility.

3.4.3 A structural survey has been carried out in May 2013 and has identified £285,000 of structural work required to bring the main house and extension up to a structurally good standard. This figure excludes fit out costs which could be in the region of £100,000 depending on use.

3.4.4 A condition survey has not been carried out on the clubhouse at Sinfin golf course however it is proposed that the Council's property maintenance department do so.

Additional assessments in relation to Fire Risk, Disability Discrimination and facility improvements are also required.

3.5 Pricing and increasing participation/safety

3.5.1 In addition to the improvements detailed in paragraph 4.17, below provides a list of additional improvements implemented over the last 18 months:

- Production of written Normal Operating Procedures.
- Establishing an Emergency Action Plan.
- Develop and implementation of a Health and Safety action plan.

3.5.2 In addition to the improvements proposed in paragraph 4.17 below provides a list of additional improvements, leisure facilities would seek to make:

- Source external funding that will aid increasing participation
- Improve partnership working with key stakeholders.