



Golf Course Management and Operation

1.SUMMARY

1.1 Background

On 14 August 2013, Cabinet approved the recommendation to explore further the option to externalise the management and operation of the Allestree and Sinfin golf courses, and the Markeaton Pitch and Putt. Cabinet also recommended that prior to making any final decision on the management and operation of the golf courses a further report should go to Cabinet that takes into account the outcomes of the Outdoor Sport Strategy. (OSS)

The OSS has been developed to a final draft stage and therefore this report considers whether there are any issues from the draft OSS that would need to be taken into account before any final decisions are made on externalising the golf courses.

This report also provides an update on the procurement exercise being undertaken for golf and on a significant development regarding Allestree Hall that has taken place since Cabinet approved the externalisation of the golf courses in August 2013.

The Council has received renewed interest in the redevelopment of the Hall and therefore it's important that Cabinet are provided with an update in order that this significant development can be taken in to account before any final decisions are made to externalise the golf courses.

1.2 Impact of Golf Strategic Needs Assessment

The OSS provides a formal assessment of the city's outdoor sport provision and follows approved Sport England methodology. The OSS primarily assesses the supply and demand for outdoor sports such as football, rugby, tennis, cricket, bowls and hockey. The assessment of golf is outside the scope of the OSS and therefore it was recommended that a separate Golf Strategic Needs Assessment (GSNA) be undertaken in order to assess the future needs of golf across the city.

Max Associates, leisure consultants who were commissioned to undertake the OSS were able to lead on the GSNA for Derby. The consultants have now completed their assessment and we are now able to consider whether there are any issues that would impact on the Cabinet's decision to externalise the golf courses.

The assessment and recommendation by Cabinet was that the in house management option was not a viable option going forward without significant capital investment and increased revenue support by the Council. The GSNA highlights the same issues and draws the same conclusion on the in house option.

The GSNA also highlights the potential of externalising the golf courses to an alternative operator as a viable option with the potential to increase capital investment and reduce the on-going risk and liabilities to the Council.

1.3 **Current developments**

Leisure officers are currently preparing the tender documentation to undertake a comprehensive procurement exercise to appoint a preferred partner organisation to operate and manage the Council's golf courses. The aim is to appoint the preferred partner in time to take over the golf operation from between April - July 2015.

As part of the Markeaton Park Heritage Lottery Fund development and overall transformation of the park, the pitch and putt course has been reduced from 18 to nine holes. By reducing the number of holes on the course it will create better walking and cycling access around the park. With these improvements and the continued development of Markeaton Park for play, cultural, recreational and sporting activities it is proposed to retain the in house management of this facility and not include the pitch and putt as part of the tender package.

At the August 2013 Cabinet meeting the results from the soft market tendering exercise were reported to members. The results showed that there was interest from the leisure sector market in running and operating the golf courses, however there was minimal leisure redevelopment interest in Allestree Hall.

Since approval was given by Cabinet in August 2013, the situation has changed and the Council's estates team have received enquiries from external organisations interested in the redevelopment of Allestree Hall. It's therefore important that Cabinet are made aware of this significant development so that this can be taken in to account before any final decisions are made on the future of the two golf courses.

Estates officers are keen to assess and qualify the renewed interest and have met with leisure officers to discuss how the Council can manage the renewed interest in Allestree Hall alongside the potential externalisation solution for the golf courses being progressed.

To fully evaluate the redevelopment option for Allestree Hall, estates officers have submitted a bid to the Property Rationalisation Board to appoint an external agent who specialises in the leisure and historic buildings market to look at:

- What parts of the Hall, adjoining land and buildings would need to be included to make any redevelopment scheme for the Hall viable and provide advice to the Council on how the opportunity could be best packaged and presented to the market.
- Assess whether the viability would be enhanced if Allestree golf course was included in the sale.

The work undertaken by the external agent will commence in September. At this stage it is difficult to place any timescales on when this work will be completed until we have procured and appointed the preferred agent to undertake the work.

The procurement documentation for the golf courses has being prepared in time to advertise the tender. It should be noted that the tender documentation will not be advertised until this report has been approved by Cabinet and as such it has the

potential to impact on the overall procurement timescales for achieving a hand over of the golf operation and management from between April – July 2015.

There are financial implications for the Council associated with the externalisation of the golf courses and these are outlined in the financial implications in appendix one.

1.4 Options

In order to explore the Allestree Hall opportunity further it will be necessary to make a decision on the procurement of an external operator for the golf courses whilst the review of Allestree Hall is taking place and being considered. At this stage Cabinet may want to consider the following three options on how it may wish to progress the golf procurement and the redevelopment of the Hall. These are:

1. Delay the procurement of both golf courses and continue to manage both golf courses in house until the Allestree Hall review has been completed and assessed by the Council. The Council can then restart the procurement exercise once the review has been concluded.
2. Continue to procure both Sinfin and Allestree Golf Courses.
3. Only market and tender Sinfin golf course.

Officers have undertaken an assessment of the benefits and dis-benefits of the three options and these are shown in paragraph 4.4.

RECOMMENDATION

- 2.1 a) To provide in principle approval for the procurement of Sinfin golf course based on the approved Head of Terms outlined in paragraph 4.2 of the report;

b) That final approval shall be subject to all objections or other representations, if any, made in response to the advertisement of the intention to dispose of the golf course as an open space being considered by Cabinet;

c) That in the absence of objections or representations following the advertisement process, delegated authority be given to the Cabinet Member for Leisure and Culture, in consultation with the Strategic Director for Neighbourhoods, to formally approve the proposal based on the Heads of Terms outlined in paragraph 4.2 of the report.
- 2.2 To withdraw Markeaton Park Pitch and Putt from the tender and to continue to manage the pitch and putt facility as part of the overall 'in house' management of Markeaton park.
- 2.3 To delegate authority to the Strategic Director for Neighbourhoods, following consultation with the Cabinet Member for Leisure and Culture to approve the appointment of the preferred operator, subject to the terms agreed being more advantageous to the Council than operating the golf course in house.
- 2.4 To approve that officers undertake a further procurement exercise to tender for the operation and management of Allestree golf course should the Allestree Hall redevelopment option not be considered viable.

REASONS FOR RECOMMENDATION

- 3.1 In order to appoint an external operator in time to handover the operation and management of the golf course between April - July 2015.
- 3.2 In order to fully assess the redevelopment opportunity at Allestree Hall it is proposed to only market and tender the operation and management of Sinfin golf course. By doing so, this will allow the Council the opportunity to fully evaluate the redevelopment potential of Allestree Hall and not delay the opportunity to attract an external partner organisation to operate and manage Sinfin golf course.
- 3.3 The GSNA agreed with the Council's assessment that the in-house operating model for both golf courses was not viable without significant levels of revenue and capital investment. Therefore it is recommended that it would be more viable by undertaking a full procurement exercise to appoint an external partner organisation.
- 3.4 By continuing with only the one golf course tender the Council maintains the potential to provide a medium to long term solution to transfer and reduce the risk to the Council and attract investment to ensure the longer term viability of Sinfin golf course.
- 3.5 This option will allow the Council to fully explore the renewed interest in Allestree Hall with the option to procure Allestree golf course out to the market if the development opportunity for Allestree Hall is not forthcoming and viable.



Derby City Council

COUNCIL CABINET
3 September 2014

Report of the Strategic Director for Neighbourhoods

SUPPORTING INFORMATION

- 4.1 On the 14 August 2013, Cabinet received a report on the outcome of the soft market tendering exercise. The results identified that there was sufficient external interest from the market to progress and undertake a full procurement process to explore further the appointment of a preferred partner organisation to manage and operate the Council's golf courses.

The results at the time identified that there was limited leisure development interest in Allestree Hall. This situation has changed since the report was received by Cabinet in August 2013 and the estates department has received renewed interest to redevelop the Hall. This may be due to changes in the market as the conditions are improving. The Council will be going out to tender for the procurement of consultants for the Allestree work week commencing 11 August 2014. The intention is to appoint by 12 September and will be completed as quickly as possible to assist with the implications this work has on the golf course tender.

- 4.2 At the 14 August 2013, Cabinet approved the following Head of Terms that will form the basis of the tender assessment. These were:

1. To operate the courses at no cost to the Council and make an annual payment to the Council which is RPI linked
2. To increase the number of people playing municipal golf
3. To increase investment and improve infrastructure of the courses
4. To transfer the repair and maintenance liability of the golf buildings
5. To offer affordable pricing to the customer
6. To increase participation and develop the game of golf.

Please note that the approved Head of Terms was based on a tender package that included both Sinfin and Allestree golf courses. The view of officers is that by tendering just Sinfin golf course as a single site may result in the tender package being less attractive to external operators and therefore the Council may not be able to fully achieve the financial outcome as set out in bullet point one above.

- 4.3 At the 14 August 2013 meeting Cabinet requested that golf be included as part of the OSS. As the assessment of golf is outside the scope of the OSS a separate Golf Strategic Needs Assessment (GSNA) has been undertaken in order to assess the future needs of golf across the city.

Max Associates were commissioned to produce GSNA. Their brief was to:

- Provide a detailed assessment of the current level of golf provision in the city

- Identify the geographical spread and accessibility of golf
- Identify the met and unmet needs, in terms of quantity, quality and accessibility
- Recommend future options for golf course provision by the Council.

In developing the GSNA, the consultants assessed the performance of Allestree and Sinfyn golf courses against national data (Active People and Active Places Power) obtained from Sport England as well as best practice and the industry's Key Performance Indicators (KPIs) gained for previous other work they have undertaken.

The report identified that both golf courses are in good locations, as far as access and catchment are concerned however to maximise these key features it has identified a number of areas to be considered. Some of the key findings are detailed below:

- **Marketing**
Golf marketing is limited and there is a need to develop a greater profile of both golf courses through improved and increased marketing activity particularly aimed at key target customers in order to improve throughput and utilisation.
- **On-line Booking**
Online booking has become an increasingly prevalent way of customers booking and pre-paying for golf and by incentivising the early booking, premium tee times will generally sell out well before the day of play. The development of an on-line booking service for both golf courses is essential to maximise pre-payment and utilisation.
- **Grounds Maintenance**
Both golf courses suffer from average standards of grounds maintenance, coupled with high cost and split in the management of the golf operation and grounds maintenance this is an area to be looked at. As the core product it is essential that the golf course condition is the number one priority with improvements particularly in the greens; tees; bunkers and fairways being required. There is also a need to invest in golf specific machinery and equipment for both golf courses and develop a grounds maintenance specification.
- **Pricing**
The Council have recently reviewed pricing across the golf service; however a further review of its season ticket price and membership packages compared to the local market should be undertaken.

The GSNA is being used by leisure officers to help identify short term improvements for both golf courses. These include the introduction of external on-line booking facility and 'minimum standards' service level agreement for grounds maintenance.

4.4 Appraisal of the three options

Option	Benefits	Dis-benefits
<p>1. Continue to manage both golf courses 'in house' until Allestree Hall assessment completed.</p>	<ul style="list-style-type: none"> • Minimal disruption to service and staff. • Allows the Council to consider the development opportunity at Allestree Hall. • Both golf courses together may be more attractive. 	<ul style="list-style-type: none"> • Cost to the Council • Budget savings and efficiencies not achieved. • No improvements to service for the customers. • No opportunity to increase investment in the golf courses.
<p>2. Continue to procure both golf courses to the external market.</p>	<ul style="list-style-type: none"> • Transfers the risk of the golf facilities and reduces cost to the Council. 	<ul style="list-style-type: none"> • Restricts potential to re develop the Hall and any financial benefits of that option. • Council retains the risk, liability and cost of the Hall. • Creates uncertainty and lack of clarity for bidders. • May result in abortive work undertaken by Officers on procurement.
<p>3. Only market and tender Sinfin golf course.</p>	<ul style="list-style-type: none"> • Allows the Council to consider the redevelopment opportunity at Allestree Hall. • Reduces cost to the Council and transfers risk and liability. • Secures a partner for Sinfin golf course creates improved confidence in solution for Allestree golf course. • Sinfin golf course less complex than Allestree golf course in terms of tender documentation. 	<ul style="list-style-type: none"> • Just one golf course may be less attractive to bidders resulting in no interest or less favourable financial outcome for Council. • Only transfers the risk and cost to the Council of one golf course.

OTHER OPTIONS CONSIDERED

- 5.1 Officers have undertaken an assessment of the benefits and dis-benefits of all options and this is shown in paragraph 4.4.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Janie Berry, Director of Legal & Democratic Services Martyn Marples, Director of Finance & Procurement Liz Moore, Strategic HR Business Partner Steve Sprason, Strategic Asset Management and Estates Manager Claire Davenport, Director of Leisure and Culture
--	---

For more information contact: Background papers: List of appendices:	01332 641230 andrew.beddow@derby.gov.uk None Appendix 1 – Implications
---	--

IMPLICATIONS

Financial and Value for Money

- 1.1 The potential to develop a viable and sustainable future for both Allestree Hall and the golf course needs to be developed. The cost of managing and maintaining both the facilities and the buildings is increasing and therefore it's important to assess the future redevelopment potential of the Hall whilst reducing the revenue and maintenance burden to the Council.

Both golf courses operated at a loss and the out turn for 2013/2014 for both courses was an overspend of circa £92,500. This equates to Sinfin £ 41,100 and Allestree £51,400 and relates to the underachievement of income targets.

The impact of retaining Allestree golf course in house whilst the Allestree Hall redevelopment is explored fully is likely to create a budget pressure for 2015/16 and size of the possible pressure will be dependent on a number variables such as:

- Adverse weather conditions and forced closure of the golf course
- The quality of the grounds maintenance on fairways, greens and ruff.
- The level of marketing activity undertaken
- The sustainability of buildings to remain open for use.

Also the budget saving from April 2015 will not be fully achieved.

Externalising the golf courses has the potential to secure additional revenue and capital contributions from an external operator. Tendering a single site operation however, may result in less favourable financial terms for the Council and not achieving the financial objective as outlined in the approved Head of Terms, bullet point one in paragraph 4.2.

By retaining the in house management and operation of Allestree golf course the council will need to retain the machinery as this is used to maintain both courses and therefore a potential operator will need to provide machinery at Sinfin golf course as part of their tender. The costs of providing machinery to maintain Sinfin golf course may result in less favourable terms for the Council and not achieving the financial outcome as outlined in the approved Head of Terms.

The procurement of an external operator for just Sinfin golf course will require that officers revise the tender documentation. 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 has been produced in conjunction with Legal, Procurement and Estates. The procurement process will be OJEU compliant.

It is the intention that the associated golf buildings and the golf course will form part of a management agreement and lease and therefore the Council has a statutory duty to first advertise the intention to dispose of open space and to consider any representations received. The Council has a statutory duty to achieve best consideration in the disposal of land and property and therefore it is important the procurement process is compliant and comprehensive.

The process for advertising the intention to dispose of open space will take twenty one days. The advert will be placed for seven days and there will be a fourteen day period to allow for any objections to be submitted. No final decision on disposal will be made until after all objections or other representations have been properly considered. For the avoidance of doubt, advertising the Council's intention to dispose of open space does not in any way tie the Council in to progressing with the procurement or awarding the contract.

It is not the intention to include the Cotton Farm building in the golf course tender documentation. There is an options appraisal currently being carried out by the estates department for this asset.

Personnel

- 3.1 If Cabinet approve the recommendation to appoint an external partner organisation to operate and manage Sinfin golf course, it is likely that the TUPE regulations will apply.

If the TUPE regulations do apply, as part of the required due diligence process, officers will need to consider the golf operation and grounds maintenance to determine which staff will need to be transferred across to the new operator and who will remain with the Council operating Allestree golf course.

Staff and Trade Unions will be kept fully informed about recent developments and the revised proposal for Allestree Hall and the procurement for Sinfin golf course.

IT

- 4.1 The preferred operator will have to ensure that they comply with the Council's IT equipment replacement policy and have in place adequate data protection and information security policies.

In conjunction with the Council's IT Team, Leisure Officers will determine the detailed IT implications as the tender documentation is finalised.

The existing ITC at Allestree golf course will have to be maintained by the Council whilst the development opportunity on the Hall is being explored.

Equalities Impact

- 5.1 Should Cabinet make the decision to market and tender the operation and management of Sinfin Golf Course, the Council will endeavour to ensure the accessibility to all users to eliminate any risk of it becoming an exclusive course. As part of the procurement process the bidders will be required to submit their equalities documentation to demonstrate how they would provide affordable golf for people from all sections of the community over the term of the agreement with the external operator.

An Equalities Impact Assessment will be undertaken.

Health and Safety

- 6.1 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; this will allow them to assume responsibility for the effective day-to-day operation and 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

- 7.1 In itself a change in management operations should not have any adverse environmental impacts on the three sites considered as they should carry forward the current Council policies already in place. However should this change, both Sinfin golf course and Allestree Park are subject to a number of important environmental and conservation considerations which would need to be covered in any future procurement exercise.

Property and Asset Management

- 8.1 Under the terms of the lease agreement the preferred operator would take full responsibility for managing and maintaining the golf course and the associated golf facilities that have been identified within the lease agreement.

Sinfin golf course requires a degree of investment to bring the buildings to safe, accessible and modern day standards. This is essential to ensure the golf course is fit for purpose for future generations. The option to externalise the golf course takes into account the need for capital investment to improve the infrastructure at the golf course.

The soft market tendering exercise results highlighted that duration of a contract ranged from a minimum of eight years up to 40 years, with an average contract period being 25 years. The greater length of the contract would potentially increase the opportunity for investment and making golf course improvements however the Council needs to balance this with the emerging strategies for the future. Within this in mind it is envisaged that the Council will tender Sinfin golf course for a 15 year period.

Officers from Leisure, Estates and Property Management will need to identify a suitable solution for the predominately derelict Cotton's Farm buildings on Sinfin golf course as this will remain under the responsibility of the Council. It's also important to ensure that any redevelopment solution takes in to account the occupied areas of Allestree Hall golf course facilities.

The golf course is currently exempt from the payment of rates. The implications, if any, of the golf course being operated by a private sector third party in this respect need to be considered and confirmed.

Risk Management

- 9.1 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 course.

In transferring the management and operation of the facilities the risks to the Council are significantly reduced, for example the risk of income performance, repairs and maintenance, liabilities and the need to invest capital will transfer to the external partner organisation.

The recommendation to only tender a single site at Sinfin golf course will mean that the Council still retains the risk at Allestree Hall and golf course.

Corporate objectives and priorities for change

- 10.1 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.