

# CULTURE, RECREATION & TOURISM CABINET MEMBER MEETING

## Agenda Item 21

Brighton & Hove City Council

<b>Subject:</b>	The Future Management of the Council Owned Golf Courses at Hollingbury and Waterhall		
<b>Date of Meeting:</b>	14 July 2009		
<b>Report of:</b>	Director of Environment		
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<b>Key Decision:</b>	Yes	Forward Plan No: CRT 11054	
<b>Wards Affected:</b>	All	Patcham and Stanmer & Hollingdean	

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the options for the future management of the two 18 hole council owned municipal golf courses at Hollingbury and Waterhall and seeks Cabinet Member approval to pursue option 3 as detailed in this report.

#### 2. RECOMMENDATIONS:

- 2.1 To request approval from the Cabinet Member for Culture, Recreation and Tourism that the council should prepare tender documents and carry out a procurement process based on option 3 of this report, in accordance with the timescales set out in paragraph 5.1.

#### 3. BACKGROUND INFORMATION:

- 3.1 The council operates and maintains two 18 hole municipal golf courses at Hollingbury and Waterhall. The two golf clubs based at the courses manage the clubhouses and associated catering. In addition, there is a golf professional at Hollingbury and two council employed golf assistants at Waterhall who are responsible for the management of bookings and green fee collection.

##### **Council's responsibilities**

- 3.2 The council is responsible for maintaining the two golf courses and employs eight full-time and one part time grounds maintenance staff and two golf assistants to do this. The council also makes a financial contribution to the golf clubs to manage the clubhouses.

### **Club's responsibilities**

- 3.3 The two clubs currently operate the clubhouses which are leased to them by the council and these arrangements continue with the clubs until the end of March 2010. However, both clubs have expressed an interest not to continue these arrangements beyond this date. At Hollingbury the club employs a bar steward who occupies the on site flat and at Waterhall the club employs a caterer who occupies the bungalow. These two members of staff may have certain rights to this accommodation. Any proposal to bring in a management company to manage the two courses will need to consider and resolve this issue and our colleagues in legal services are currently evaluating the position.

### **Golf professionals/assistants**

- 3.4 At Hollingbury there is a self employed golf professional. At Waterhall the council employs two full time golf assistants. These staff are responsible for the management of bookings, tee off times and collecting income from golfers.

### **Financial Position**

- 3.5 There have been small operating losses across the two courses in recent years. The above fragmented management arrangements with a range of parties involved does not enable an effective delivery of this service. An integrated management approach with one overall operator has the potential to improve the service and financial position.

## **4.0 MARKET TESTING & OPTIONS APPRAISAL**

- 4.1 The council has carried out soft market testing vis a vis long term operational arrangements for the two golf courses and have contacted four golf course operators in the business.
- 4.2 From this research it is clear that there are a number of organisations operating in this arena and many of them are successfully managing golf courses on behalf of council's across the south east (including the London Boroughs of Bromley, Ealing, and Hillingdon, Crawley Borough Council, Horsham District Council and Maidstone Borough Council). Many of these organisations have committed investment in the courses in return for a long term operating lease that varies in general between 15 – 25 years. It is also clear that a number of other local authorities are currently considering (London Borough of Bexley and Southampton City Council) outsourcing their management arrangements.
- 4.3 The positive soft market testing research has indicated that there are three options to consider in respect of the future management arrangements for these two golf courses. These are detailed below :

#### ***Option 1 – Continue with current arrangements***

Both golf clubs have indicated that they do not wish to manage the club houses and therefore the current arrangements cannot continue. In addition

the two golf courses are operating at a loss to the council and the council does not have the capital monies to invest in improvements in the facilities (ie clubhouses, course improvements and vehicle replacements etc) and maintenance to the courses. Therefore, it is likely in the current climate that income will continue to decrease and the courses will lead to an even greater financial pressure on the council.

***Option 2 – Bring management of clubhouses and course in house alongside grounds maintenance arrangements***

As with option 1 the council does not have the capital monies to improve the clubhouses and grounds maintenance at the two golf courses. The two clubhouses and courses would benefit from significant capital and revenue investment to improve the quality of service. For example, there is potential for significant investment in the refurbishment of the two clubhouses and the maintenance of the two courses including tees, greens, plant, vehicles, machinery, and storage facilities. This option therefore is likely to worsen the council’s financial position.

***Option 3 – Appoint a management company to manage both courses on behalf of the council***

A number of local authorities in the south east use a recognised management company to operate their golf courses on their behalf (including Portsmouth City Council, Horsham District Council and Crawley Borough Council). Such companies provide an integrated management approach to delivery of a golf service (they are responsible for clubhouse operation, catering, golf professional services and green keeping). It is therefore a competitive market even in the current climate, and where these arrangements are in place the management company have invested additional money in improving facilities and maintenance in return for a long term operating lease.

A small number of local authorities in the South East have appointed external operators who run their municipal golf courses as a trust. These include London Borough of Bromley and Hertsmere District Council. Trusts operate on a similar basis to management companies but can make savings on National Non Domestic rates (NNDR).

**5. TIMESCALES**

5.1 An indicative procurement timetable is as follows :

Actions	Dates
Scrutiny Consultation and Cabinet Member Approval	July 09
Issue and Evaluate Pre Qualifying Questionnaire	August 09
Issue Invitation to Tender	Sept 09
Evaluate Tender Proposals	Oct 09
Cabinet Approval and Award of Contract	Dec 09
Commencement Date of Contract	April 10

## 6. CONSULTATION

- 6.1 Consultation is ongoing with staff affected by the potential change in management arrangements including greenkeepers and golf assistants. In addition, consultation is ongoing with the golf professional at Hollingbury and with representatives of the two clubs. Consultation is also taking place with the Culture, Tourism & Enterprise Overview and Scrutiny Committee with a report to the meeting of 2<sup>nd</sup> July 2009. A verbal update of the feedback from this meeting will be provided at the Cabinet Member Meeting on 14<sup>th</sup> July 2009.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### 7.1 Financial implications

Any costs associated with preparation of documents for the procurement process will be met from existing Sport & Leisure Budgets. There will be further implications once the procurement exercise has been completed.

*Finance Officer Consulted: Derek Mansfield  
2009*

*Date: 5 June*

### 7.2 Legal Implications:

The predominant nature and purpose of the contract will be the provision of golf course management services. These are classified as Part B services for the purposes of the EU Directive and accompanying Public Contracts Regulations 2006. As such they would not be subject to the full application of the rules relating to tendering. The Council is nevertheless required to comply with EU Treaty objectives of non-discrimination and openness in procurement, as well as comply with its statutory obligation to seek value for money.

Contracts over £75,000 must be prepared in a form approved by the Head of Law. The Council must take the Human Rights Act into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

*Lawyer Consulted: Sonia Likhari      Date: 5 June 2009*

### 7.3 Equalities Implications:

The operation of public golf courses that are accessible to the local community is important to enable participation in golf leading to subsequent health and well-being benefits.

### 7.4 Sustainability Implications:

It should be noted that both courses are placed within the new boundaries of the South Downs National Park which is very likely to affect and have a more rigorous and restrictive approach to development.

7.5 Crime & Disorder Implications:

There are no crime and disorder implications to consider.

7.6 Risk & Opportunity Management Implications:

In the current economic climate we may not attract an organisation that wants to take over and operate the golf courses but we will not know this until we have gone out and sought expressions of interest.

There are two other risks which need to be noted. These are the TUPE implications should the management of the courses be outsourced and secondly, the issues detailed in paragraph 3.3 surrounding the accommodation rights at the both courses which are currently being evaluated by legal services.

7.7 Corporate / Citywide Implications:

There are no corporate/city wide implications to consider

**8. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

8.1 These are included in paragraph 4.3 above.

**9. REASONS FOR REPORT RECOMMENDATIONS**

9.1 These are detailed in the report. It should be noted however that carrying out a procurement exercise based on option 3 may not, in the current economic climate, attract an appropriate and viable solution that the council could accept. In these circumstances the council would have to evaluate other proposals and /or alternative solutions to the management of the two courses.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. None

**Documents in Member's room**

1. None

**Background Documents**

1. None

