

Subject:	Hollingbury Park and Waterhall Golf Courses		
Date of Meeting:	20th June 2019		
Report of:	Executive Director, Economy, Environment & Culture		
Contact Officer:	Name:	Ian Shurrock	Tel: 01273 292084
		Kerry Taylor	Tel: 01273 292701
	Email:	ian.shurrock@brighton-hove.gov.uk	
		kerry.taylor@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council needs to consider the future of the two public golf courses in the city - Hollingbury Park Golf Course (HPGC) and Waterhall Golf Course (WGC). This is due to the forthcoming expiry of the current management contract for the golf courses.
- 1.2 The current management contract with Mytime Active to operate the golf courses on behalf of the Council ends on 31st March 2020. The future of the courses needs serious consideration due to the challenging financial position experienced by the operator during the current contract, which commenced on the 1st April 2010.

2. RECOMMENDATIONS:

That Committee:

- 2.1 Approves the marketing of Hollingbury Park Golf Course and the Waterhall Golf Course on long term leases for either golf or other leisure use.
- 2.2 Delegates authority to the Executive Director, Economy, Environment & Culture to undertake the marketing exercise referred to in 2.1.
- 2.3 Notes that a further report will be brought back to a future meeting of the Committee which will set out the outcome of the marketing exercise referred to in 2.1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The golf courses are currently operated by Mytime Active on behalf of Brighton & Hove City Council (BHCC). Mytime Active is a social enterprise with charitable objectives who are the largest operator of public golf courses in the UK (16 courses). BHCC currently receives an annual management fee from Mytime Active. This was procured by tendering a management contract to operate the

two courses in 2009. In 2010 Mytime Active were appointed to manage both courses on a 10 year contract.

3.2 Before the current management arrangements were in place the courses were operated 'in house' by BHCC. When the courses were operated by the council a subsidy was required. By transferring the two courses to an external operator the subsidy was converted to an income stream for the council..

3.3 Golf participation in the UK has been showing a gradual decline over recent years. Factors which are considered to be causing the decline include the oversupply of courses, the length of time it takes to play a full 18 hole round (approximately 4 hours), that golf is relatively expensive to play, the increased participation in other recreational opportunities such as cycling, and a lack of diversity of golf participants.

3.4 The golf market is therefore very competitive and numerous clubs and courses across the country have closed – both private and local authority owned. In Brighton and Hove there are a large number of courses all competing within a fairly small geographical area as per the table below. In addition, less than 15 miles outside the Brighton & Hove boundary there are also a number of other courses such as Pyecombe, Hassocks (recently closed for a housing development), Singing Hills (Albourne), Mid Sussex, Haywards Heath (due to close for a housing development) Lewes and Peacehaven. Golf participation boomed in the 1990's, however it has not been sustained which has impacted on the viability of courses.

Course	Facilities
Hollingbury Park Golf Course	Public 18 hole
Waterhall Golf Course	Public 18 hole
East Brighton Golf Club	Club 18 hole
The Dyke Golf Club	Club 18 hole
Brighton and Hove Golf Club	Club 9 hole
West Hove Golf Club	Club 18 hole & driving range

3.5 At both WGC and HPGC there has been a steep decline in season tickets holders and golf usage over the term of the contract. Season ticket holders provide the core usage for each course and are very important for the viability of a course. In addition, there is also the opportunity to play golf on a green fee (play and pay basis) for those not wishing to commit to the expense of a season ticket. Season ticket holders also have the opportunity to join the independently run golf clubs which are based at each course. By joining a club a golfer is given the chance to play in competitions, competitive matches and enjoy social activities. The golf club memberships have also declined over the contract period particularly at WGC.

Golf Course	Season Ticket Holders 2010	Season Ticket Holders 2018	% difference
Hollingbury Park	461	271	41% decrease
Waterhall	235	94	60% decrease

3.6 HPGC is far more accessible than WGC from a golf perspective as the course is less challenging and therefore more suitable as an introductory course for those new to the sport. The topography of WGC is such that electric buggies cannot be used. There are steep climbs and descents at different points of the course meaning that it presents a challenge to less mobile users. HPGC has a more forgiving landscape which allows electric buggies to be used. This means the course can better cater for older and less mobile users and is more appealing to golf societies (group bookings).

3.7 HPGC is also in a much more favourable location than WGC from a transport accessibility perspective being on Ditchling Road, one of the main routes in and out of Brighton. It is therefore better served by public transport links than WGC and is located within walking distance of neighbouring residential areas.

3.8 Mytime Active have undertaken a number of initiatives to improve the financial position of the courses. These include footgolf at WGC, an enhanced catering and function offer at HPGC and golf development initiatives. However, the financial benefits of these initiatives have not been able to compensate for the decline in income from golf.

3.9 Both sites have financial challenges and the Sport and Leisure Consultancy was commissioned in 2018 to provide an assessment of the current and future golf market and the impact in relation to the council's golf courses. The key findings of the market assessment are as follows:

- The decline at both courses is reflective of wider market trends which have seen a steady decline in golf participation over the last 10 years which seems to have now plateaued.
- The financial assessment for the future delivery is that any option in terms of operating the golf courses (either via a specialist golf contractor or in house) is likely to worsen the council's revenue position significantly compared with the current arrangements. The in house option is (as expected) anticipated to be more expensive.
- Findings from the market assessment suggest that, of the two courses, HPGC would provide the better financial position to continue with public golf provision. While an alternative use for WGC could be more financially advantageous compared to golf provision. However, the market assessment estimated this would still result in an overall adverse financial impact compared with the current management contract. This is based on the loss of the current annum payment to the council and the predicted requirement to pay an operator.

- HPGC is the higher quality and more accessible golf course with considerably more users than WGC. In addition, the scale and quality of the clubhouse provides income from catering and functions. It could be possible for HPGC to have an improved financial position if additional income streams are developed through capital investments - although this option is limited by the course being located in the South Downs National Park. A longer term lease could encourage such investment.
 - There are a range of potential alternative uses for the land occupied by WGC that, subject to planning constraints could provide a sustainable income to the council and expand and diversify the city's leisure offer.
- 3.10 The planning designation for both sites is D2 which is the use of premises for entertainment and leisure purposes. Both courses are located within the South Downs National Park which combined with the planning designation could restrict planning permission being achieved for future developments.
- 3.11 Due to the current operational loss on the golf courses a range of options have been considered which are set out below.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

Option 1: Market both Hollingbury Park and Waterhall on long term leases for either golf or other leisure use(s)

- 4.1 This option is the marketing of long term leases (minimum of 25 years) for both sites to be run as either golf courses or other leisure uses. The leases would be fully repairing and insuring with the leaseholder taking on the full responsibility for the site(s). A long term lease would encourage investment into the sites to assist with financial viability for either golf or another leisure use.
- 4.2 If both or one of the courses is retained as a golf course, the leaseholder would have the ability to set fees and charges and retain the income generated. This is standard for a lease arrangement and consistent with the additional responsibilities falling upon a leaseholder compared with a management contract. If the courses were retained as golf courses then the staff would transfer to a new leaseholder (if applicable) in accordance with the appropriate TUPE (Transfer of undertakings of protected employment) legislation.
- 4.3 By including the option for potential other leisure uses for the sites gives the flexibility to test the market to see if there are such interested parties. The market assessment identified the following potential options although an open marketing exercise may bring forward other proposals:
- Outdoor Activity/Education Centre
 - Camping/Glamping/Caravanning
 - Countryside visitor centre
 - Events venue
 - Restaurant/café
 - Wellness centre

These other leisure uses have the potential to significantly increase the diversity of the leisure offer and appeal to a much wider range of users.

- 4.4 The council has successfully marketed other leisure sites on long term leases which brought forward a range of interesting proposals. For example, the Yellowwave Beach Volleyball Centre in Madeira Drive and the Sea Lanes proposal for the former Peter Pan's amusement site also in Madeira Drive.
- 4.5 As this option gives the most flexibility to seek a sustainable use(s) for the golf courses and retain a leisure use for the long term, this is the recommended option.

Option 2: Procure management contracts for both Hollingbury Park and Waterhall as golf courses

- 4.6 This would be on the same basis as the golf courses are currently operated - by an external management contractor. A contract could be offered for a period of 10 years with an option of a 5 year extension with the contractor retaining the income generated and meeting a range of contractual responsibilities.
- 4.7 However, as explained above the existing financial position of the operation of the current management contract indicates (together with the market assessment) that this would require a significant subsidy from the council and is therefore not a recommended option.

Option 3: Retain both Hollingbury Park and Waterhall as golf courses with an in-house operation

- 4.8 As previously indicated the current specialist leisure management contractor has found operating the golf courses financially challenging. The existing operator has significant experience operating a range of golf courses on behalf of local authorities, with the benefit of specialist staff and economies of scale of a national golf structure.
- 4.9 While a council in house operation would include the TUPE of eligible staff to the council, there would need to be additional specialist management resources required. An assessment of the potential in-house cost of operating the golf courses indicates that the cost would be higher than an external operator and therefore require an even greater subsidy than Option 2. Furthermore there would be set up costs of an in-house operation which are estimated to be in the region of £0.150m.
- 4.10 Therefore, the current annual revenue financial pressure which rests with the existing operator would be enhanced and fall to the council. In addition, the future risk of operation would transfer back to the council. Due to these factors highlighted this option is not recommended.

Option 4: Market both Hollingbury Park and Waterhall on long term leases for golf only

- 4.11 This option is the same as Option 1 but without the additional flexibility of marketing for other leisure uses as well as golf.

- 4.12 Given the uncertainty of whether golf provision is financially sustainable in the future, this option is not recommended as it would exclude other potential leisure uses.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Engagement with Hollingbury Park Golf Club and Waterhall Golf Club has taken place throughout the term of the contract principally by Mytime Active as the operator, but also with the council. The council have recently met with both golf clubs in order that they are aware of the contents of this report.

6. CONCLUSION

- 6.1 The financial pressures experienced by the current operator of the council's golf courses are not unique, but symptomatic of a market where there is an oversupply of opportunities (golf courses) while demand has declined (golf participation has decreased).
- 6.2 The recommendation is to market the golf courses for long term leases for either golf or another leisure use to see if a financially sustainable future for the golf courses can be achieved. A long term lease has the potential to give a leaseholder the opportunity to invest significantly in the site(s) for either golf or other leisure uses and assist with viability over the long term.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The costs associated to the marketing of Hollingbury Park Golf Course and Waterhall Golf Course on long term leases will be funded from a combination of approved revenue resources and an allocation approved by the council's Corporate Modernisation Delivery Board. An allocation of £0.190m of Modernisation Funding towards sports facilities modernisation has been approved by the Corporate Modernisation Delivery Board.
- 7.2 The council currently receives an annual contract management fee from the current management contract to operate the golf courses on behalf of the council. A market assessment of golf courses carried out by external consultants suggested that future options will likely result in an adverse financial impact compared with the current management contract. The recommended option to market both golf courses on long term leases for either golf or other leisure use(s) is expected to be the most economically advantageous of the options considered. The financial implications of the outcome from the marketing will be considered and reported back to a future meeting of the committee.

Finance Officer Consulted: Steven Bedford

Date: 23/05/19

Legal Implications:

- 7.3 The proposal is to enter into long leases with exclusive possession and permitted use for the courses. The proposals do not include any obligation on the lessee to provide and/or manage any services at the courses and therefore the

Concession Contracts Regulations 2016 will not apply. The Council is therefore not required to carry out a procurement which complies with the regulations and can market the leases in the manner described in this report.

- 7.4 With reference to recommendation 2.1, Section 123 of the Local Government Act 1972 provides that a Council may dispose of land in any manner it sees fit subject to the condition that, except in the case of leases for more than 7 years, disposal must be for the best consideration reasonably obtainable. If a long lease is granted then the best consideration requirement will need to be satisfied.

Lawyers Consulted: Isabella Sidoli/Joanne Dougnaglo

Date: 22/05/19

Equalities Implications:

- 7.5 Golf is a sport which has limited diversity of participants. Other leisure uses are likely to achieve a much wider diversity of participants than that provided by the golf courses.

Sustainability Implications:

- 7.6 Financial sustainability has been a key aspect of this report. However, there are other sustainability issues that would be taken into consideration in the evaluation of potential future uses of the sites. For example, management of the sites with regards to water usage and impact upon the local environment particularly within a National Park.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.7 Currently the financial risk of operating the council's golf courses rests with Mytime Active as the management contractor. If the sites were leased for either golf or leisure use the financial risk would rest with the leaseholder and not the council.

Public Health Implications:

- 7.8 Golf provides both physical and mental health benefits particularly for a demographic that is predominantly middle/older aged male. However, other leisure uses have the potential to widen the diversity of the participants and broaden the impact of physical and mental health benefits to a wider demographic.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None