

Report to: Cabinet

Date of Meeting: 11 September 2014

Subject: Feedback on Market Testing for the investment, development and management of Southport Golf Links and Bootle Golf Courses

Report of: Director of Street Scene

Wards Affected: All

Is this a Key Decision? Yes

Is it included in the Forward Plan? Yes

Exempt/Confidential

No

Purpose/Summary

Feedback on Market Testing for the investment, development and management of Southport Golf Links and Bootle Golf Courses

Recommendation(s)

That the Cabinet note the response to the market testing exercise and agree that further periodic reports be presented to the Cabinet Member Children, Schools, Families and Leisure on the performance of the golf courses to inform decisions on the future provision of this service.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity	√		
3	Environmental Sustainability	√		
4	Health and Well-Being	√		
5	Children and Young People	√		
6	Creating Safe Communities		√	
7	Creating Inclusive Communities	√		
8	Improving the Quality of Council Services and Strengthening Local Democracy	√		

Reasons for the Recommendation:

To decide on the way forward

What will it cost and how will it be financed?

(A) Revenue Costs

There are no new revenue costs associated with this report/recommendation. However, regular reports will be presented to the Cabinet Member CSF&L to keep the matter under review.

(B) Capital Costs

There are no new capital costs associated with this report/recommendation.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal		
Human Resources		
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Head of Corporate Finance (FD3096/14) and Head of Corporate Legal Services (LD2400/14) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

No

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Background Papers:

None

Background

1. Cabinet (25th April 2013 and 10th Oct 2013) considered reports on the future of Southport Golf Links and Bootle Golf Courses. It was agreed that a market testing exercise be carried out to assist the Council in exploring options for the future investment, development and management of these golf courses.
2. The necessary background documents for the market testing exercise were prepared, and made available via 'The Chest' to those wishing to express an interest. In addition, signposting adverts were placed in the technical golf and leisure press, and all those who had previously expressed an interest in being involved in the management of either of the golf courses were informed by letter about the exercise
3. In submitting their proposals respondents were invited to lay out in reasonable detail their proposed business model(s) to enable the Council to arrive at a good understanding of their overall proposal. They were encouraged, as a minimum, to cover the following points:
 - Their long term vision
 - Their development proposals
 - Their investment proposals
 - Their financial proposals
 - How those proposals could be delivered
 - The nature of their business model
 - The terms of their business model
 - The duration of their business model
 - The potential benefits to the council
4. Thirty five companies/individuals downloaded the documentation. Five accompanied site visits were requested and undertaken during the process from October 2013 to February 2014. This included a two week extension as some interested parties requested more time.
5. The purpose of this exercise was to draw in ideas that would allow the council to devise a way forward in the most informed manner.

Summary of Submissions

6. Thirteen submissions were received, with varying levels of detail/ideas put forward.
7. These can be summarised as follows:
 - Three were simply in the form of generic brochures from golf course managers and operators
 - One asked to be considered for employment as a Golf Professional at Southport Golf Course
 - One didn't offer a business proposal, but offered observations on the potential physical and business developments that could be explored at both sites

- Four suggested they could run the golf courses on a fee basis, with improvements funded by a combination of self funding, and/or capital investment from the Council
- One suggested they could manage the golf courses on a no-fee basis, where they would keep the profit, and guarantee a capital investment of £600k across both courses
- Three suggested rethinking the golfing offer at Bootle, in conjunction with significant enabling/ other development

General observations arising from the submissions

8. Although several discussions had taken place with interested parties leading up to the exercise which implied a high level of interest in potential development of the sites, the submissions were fewer than anticipated, and the level of detail provided was for the most part fairly scant.
9. However, there were some common threads which run through several of the submissions:
- *Interest in golf is currently in decline nationally;*
 - *There is increased interest, by the England Golfing Union and by the international 'Golf 2020 Vision', in 'rethinking' the sport by providing a more varied offer, e.g.*
 - *promotion for young people, women and families,*
 - *9 hole (or even shorter) courses,*
 - *indoor and outdoor practice facilities,*
 - *'adventure' golf (a high quality themed putting game)*
 - *A good quality shop, bar/café and clubhouse are very important for attracting and retaining golfers and to maximize income, including income from non golfers*
 - *Promotion, and marketing development are vitally important – but appropriate quality facilities need to be provided first.*

Observations relating to Southport Golf Course arising from the submissions

10. Most of the suggestions made by interested parties in relation to Southport Golf Course centered on:
- Relatively minor improvements to the course itself
 - Diversifying the golf offer for young people, women and families
 - Including new and improved teaching and practice facilities
 - Improving the reception, shop, changing and catering facilities
 - Better marketing and promotion
11. Only two submissions suggested the addition of a driving range (possibly on the Park and Ride site) in the short term. Most saw this as a longer term goal with the improvements listed above being of more immediate priority.

12. None of the submissions proposed exploring the potential regeneration of adjacent areas as part of a wider strategy for the northern end of Southport Town Centre.

Observations relating to Bootle Golf Course arising from the submissions

13. The suggestions made by interested parties in relation to Bootle Golf Course tended to be more radical and wide ranging, as the site and its facilities are in much worse condition.
14. There is general agreement that to retain the current golf offer there needs to be a high level of investment, both in the course and all of the reception, shop, changing and catering facilities.
15. None of the submissions offered to self fund this level of investment, and so some form of enabling development or council support would be needed.
16. Several submissions suggested making the facility more accessible and family friendly by introducing;
 - better indoor and outdoor teaching and practice facilities,
 - by offering shorter round options (such as 3, 6 or 9 hole options),
 - and by providing better, more family friendly and welcoming reception, shop, changing and catering facilities (including make the catering facilities open to non golfers).
17. One submission focused on providing a new and better quality golf course elsewhere, thereby releasing potentially very valuable development land for commercial, business or residential use. The submission did not identify an alternate location.
18. Two submissions suggested re-thinking the golfing offer which could potentially reduce maintenance and operating costs whilst improving the quality of the golf offer, however the practicalities of this would require further investigation.

Possible Business Models

19. Arising from the submissions, there are three main possible business models for the future investment, development and management of these two golf courses:
 - Council led:
The Council continues to operate one or both courses.
 - Partnership:
The Council seeks to work with a development partner to operate one or both courses.
 - Disposal
The council seeks to dispose of one or both courses to an external organization to run independently of the Council

Additional Information

20. This information is separate to the market testing exercise, but is provided here as background information for Members.

The wider picture

21. Some of the suggestions made are supported by HSBC's 'Golf's 2020 Vision', the international strategy for the future of golf:
This study endorses the need for golf to be more accessible and affordable, for shorter courses and to extend the target audience to families, young people, and women.
22. These findings are also in line with the England Golf Union (the governing body for golf) plans over the next seven years to grow the game of golf in England and to inspire “people of all ages to make golf a part of their life”.

This organization has key aims which not only are in line with the Golf 2020 Vision above but also focus on the role of academies and feeder clubs in attracting new golfers and developing them to join golf clubs that offer better quality facilities and higher standards of play – a key role for municipal pay and play clubs.

The local picture

23. Liverpool City Council has recently ‘leased’ their North Liverpool (Kirkby) Golf Course to a private partner with the intention of reducing their ongoing losses, to retain the facility for the community, and to increase its quality. The agreement is for 25 years.
24. North Liverpool Golf Course is within 3 to 4 miles (10 minutes drive) of Bootle Golf Course and is to be managed by the same group that have developed Formby Hall Golf Resort and Spa. It is extremely likely that NLGC will be in direct competition to Bootle GC.
25. Aintree golf course (within the race course itself) is located very close by and is between these two facilities, although it is a very simple course.

Financial background

26. Bootle Golf Course is in poor condition and is deteriorating. It currently runs at a net loss to the Council. This was approx. £110K in 2013/14 and may be a similar amount in 2014/15. This included the loss of rental (£35K) that the former lessee would have paid to the council as part of that agreement.

Outurn for previous years:

Year	Actual Expenditure	Actual Income	Out-turn	Nr of rounds played	Cost per round

2013/14	£256,932	£182,779	-£74,153	23,896	-£3.10
2012/13	Not available ¹	£35,000 ²	+£35,000	Not available ¹	Not available ¹
2011/12	Not available ¹	£35,000 ²	+£35,000	Not available ¹	Not available ¹

1: figures not available as course was previously operated by lessee

2: lease income

The above figures are exclusive of VAT and based on direct 'controllable cost' (as used for budget purposes) they do not include indirect costs associated with service management and central establishment charges

27. Southport Golf Course currently makes a net income to the Council of around £100K as it is currently managed. Although this varies from year to year, generally depending on the weather, there has not been an overall and consistent downward trend as there seems to have been nationally.

Outturn for previous years:

Year	Actual Expenditure	Actual Income	Out-turn	Nr of rounds played	Cost per round
2013/14	£224,647	£312,527	+£87,880	35,042	+£2.51
2012/13	£214,402	£286,645	+£72,243	32,673	+£2.21
2011/12	£211,253	£414,755	+£203,502	42,559	+£4.78
2010/11	£244,997	£380,817	+£135,820	41,535	+£3.27

The above figures are exclusive of VAT and based on direct 'controllable cost' (as used for budget purposes) they do not include indirect costs associated with service management and central establishment charges