



Full Business Case – Golf Driving Ranges



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1. Executive Summary

- 1.1. The Council manages two commercially operated golf courses at Bootle Golf Course and Southport Golf Links.
- 1.2. Golf is a popular sport in Sefton which benefits the health and well being of people of all ages and abilities. A golf driving range is an essential facility for people to learn and practise playing golf.
- 1.3. Municipal courses have a role in the golfing community to encourage new players to begin the sport, to provide 'feeder' facilities into private clubs, and also to provide affordable golf for people who wish to simply 'pay and play', and don't want the membership commitment of a private club.
- 1.4. The business case seeks approval for investment in the development of two driving ranges at the Council's two Municipal Golf Courses. It is anticipated that these will provide a surplus to the council following the first year of operation.
- 1.5. The business case has assessed four different options based on different facilities and capital spend. This has allowed a preferred option to be identified based on the need for the golf courses and the best return on investment.
- 1.6. Capital funding of £536,360 based on a best cost estimate of works is now being requested for formal approval to finance and progress both phase 1 (Bootle) and phase 2 (Southport) of this project.
- 1.7. Option 3a (Silver with lights) provides the biggest opportunity to generate maximum surplus over 10 years with a projected figure of £1.1 million over both sites. This option will allow the sites to be open for longer hours into the evenings to maximise footfall.
- 1.8. Research has been undertaken to confirm that there is scope in both the North and South of the Borough for additional golf driving range facilities. There is no other facility within 15 minutes (7 miles) of our Southport Golf Links and only one competing for Bootle Golf Course in Aintree 10 minutes away (2.5 miles) in the South of the Borough which is low for such a high population.
- 1.9. The new driving ranges will serve the existing golf users as well as the wider area as practice and warm-up facilities. Research with existing members has confirmed that most of them do currently use golf driving ranges but as the Council currently do not offer these facilities they travel to alternative sites. There is demand for these facilities at Council golf courses.
- 1.10. It is proposed that the two driving ranges will be developed at the same time but, with a plot already identified at the Bootle site, this course will be a phase 1 development and Southport phase 2.
- 1.11. The projected timeframe for this project runs from Spring 2020 to Spring of 2021.

2. Strategic Case

- 1.1. As part of Green Sefton's Growth Agenda proposals and bid to become cost neutral by 2030, the service has been developing plans for improvements to the two golf courses and constructing a golf driving range at each site to increase footfall through the sites and generate additional income. An increased income target for the Council's golf courses, assuming the construction of these new facilities, has already been introduced from 1st April 2019.
- 1.2. There is strong political support for investment and re-development of both sites due to the potential opportunity to transform these facilities to generate income and create additional community benefit for the local area. The sites play a key part of Green Sefton's offer in improving residents health and wellbeing of all ages from young and old and as numbers increase this will only grow.
- 1.3. Both sites are suffering from many years of little or no investment in course infrastructure and therefore there has been a drop in utilisation. By investing in these two sites that are located within prime locations within Sefton, there is the opportunity to capitalise on the resource and generate additional income to the department that will help re-invest in the Green Sefton portfolio.
- 1.4. If the sites do not receive the required investment, Green Sefton moving forwards will not be able to expand the facilities at the two sites and achieve the desired income generation targets.
- 1.5. Future Growth Board projects are linked to this first phase, as improvements to the two courses are needed to complement any new hospitality offerings.

1.6. **Strategic Overview for Golf Driving Ranges**

<p>Opportunity exists because of gap in local market to meet demand</p>	<p>There is only one covered range in South Sefton at the moment (Aintree) and One in Central Sefton (Formby). Southport has no covered driving range at the moment.</p>
<p>Membership is ageing – need to encourage new membership (continued Health & Wellbeing benefits)</p>	<p>Nationally there are 1.5m golfers playing once per week (2.5% of the population) and 3.8m play once per year (6%). Extrapolating this to the population of Sefton infers that 16,000 play once per year and 7,000 play weekly. Green Sefton would hope to attract 0.06% of these to the newly developed driving ranges. (Based on research by R&A & Sheffield Hallam University – 2014)</p>
<p>Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership</p>	<p>This would depend on the option but preferred option would be a floodlit range at each site with 9 bays (+1 coaching bay) In Southport this would be the only range in the town with ranges at Southport Golf Academy (Banks) and Hurlston Hall (Ormskirk) being closest. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside</p>
<p>Investment already made in Bootle – just not finished</p>	<p>Existing ground work at Bootle has saved circa £50k on the build costs</p>
<p>Deliver commitments to MTFP savings</p>	<p>MTFP saving £212k from 19/20 – Projected £212k shortfall currently being met by current one off savings from elsewhere in the service that are not sustainable. In additional to the £212k that will need to be met there is the following savings assumptions in the next MTFP period: 2020/21 - £0 2021/22 - £57k 2022/23 - £100k (This is not currently assumed within the MTFP)</p>

1.7. Strategic – Key Risks and Objectives

Can fund £536k capital investment for two driving ranges	Detailed financial modelling has been carried out and this includes the repayment of PWLB borrowing 10 years. (including cost of borrowing) 2.28% borrow rate
Build cost is accurate based on research (£536k – preferred option)	D&B contractor; JCT fixed price contract
Market demand estimates are accurate	Research by Sheffield University gives potential usage figure, local survey at Bootle is being done to find out demand.
Planning permission	To consult with the planning team
Operating cost is accurate	Operating costs have been identified following a review of existing activity and future requirements

1.8. Engagement with Stakeholders

A phase one site user consultation was undertaken in October/ November 2019 at Bootle Golf Course that supported the building of a driving range. There were a total of 247 responses to the consultation.

A driving range was identified by 23% of respondents as a desired practice facility improvement on the course at Bootle and 21% of respondents identified the toilets as in need of improvement that is covered by this project.

A second consultation is planned for Southport Golf Links in Spring 2020 as part of phase 2 of this project with the planned construction of a driving range over Winter 2020.

1.9. Proposal and Target Operating Model

The proposal is to develop two driving ranges with a tee-off area with space for 9 bays + 1 training bay on each site.

There are 5 options which have been considered for development:

Option	Detail	Effectiveness in delivering the objectives
Do nothing (Option 1)		None of benefits / objectives delivered. Exponential increase in challenges if nothing done
Bronze (Option 2) No lights	No cover; just grass tee-off with simple markers	<ul style="list-style-type: none"> • MTFP contribution: small net benefit after investment but would not hit income target • Membership increase: small increase • Building on investment: Limited benefit • Long-term sustainability: No real change.
Silver + (Option 3a) With floodlights	Permanent steel 'shed' Fit for purpose so can play in the dark (would mean extra staffing cost due to extended opening hours) This option has been uplifted to a 'silver+', which allows for a brick structure, allowing for future improvement to a gold facility in time.	<ul style="list-style-type: none"> • MTFP contribution: £1.120 million surplus over 10 years • Membership increase: Significant increase due to extended opening hours • Building on investment: White House/ Bootle corner plot • Long-term sustainability: Better offer on site/ increased revenue.
Silver (Option 3b) No lights	Permanent steel 'shed'	<ul style="list-style-type: none"> • MTFP contribution: £0.853 million surplus over 10 years • Membership increase: increased footfall • Building on investment: White House/ Bootle corner plot • Long-term sustainability: Better offer on site/ increased revenue. Impact of reduced opening hours
Gold, (Option 4) With floodlights	Permanent brick building; hi-tech; auto ball feeders; heaters Fit for purpose so can play in the dark (would mean extra staffing cost due to extended opening hours)	<ul style="list-style-type: none"> • MTFP contribution: £0.960 million surplus over 10 years • Membership increase: Significant increase due to extended opening hours • Building on investment: White House/ Bootle corner plot • Long-term sustainability: Better offer on site/ increased revenue but higher lending costs.

3. Economic Case

- 1.10. Southport Golf Links had a budgeted surplus of £75,950 in 2018/19. However due to a one off overspend, the course generated a loss of £47,000 2018/19 giving an adverse year end variance.
- 1.11. The over spend was caused by a change in staff that resulted in increased overtime and staffing costs. Also unexpected electricity and water costs and an overspend on the development of a new golf buggy store at Southport.
- 1.12. From April to the end of December 2019/20 the Southport Golf Links Course has generated £243k gross income.
- 1.13. Bootle Golf Course had a budgeted surplus of £71,850 in 2018/29. However due to one off overspend in the previous financial year, the course generated a surplus of only £33,850 giving an adverse year end variance of £38,000.
- 1.14. The over spend at Bootle was caused by a change in staff that resulted in increased overtime and staffing costs. Also unexpected electricity and water costs.
- 1.15. From April to the end of December 2019/20 the Bootle Golf Course has generated £179k gross.
- 1.16. As of 2019/20 a new additional income target has been set between the two sites of £212,000. This is linked to a variety of proposals including a wider range of items for sale in the existing shops (which are already proving very popular), different green fee and membership packages, golf buggy rentals at Bootle Golf Course, Festival of Golf promotions. The anticipated new driving ranges are the main contributor towards increasing income.
- 1.17. As the detail later in this report demonstrates, it is anticipated that the new facilities will (taking account on operating and other outgoing costs) generate a surplus within the first year of operating and have the potential to offer significant returns over time.

4. Commercial Case - Background

The two municipal golf courses are operated in-house by Green Sefton with no third party involvement.

Commercial Market –

There is a pool of existing golf members at both golf courses and the intention is to target new casual golfers from with Sefton. Footfall is anticipated to be 0.06% based on the local golf population.

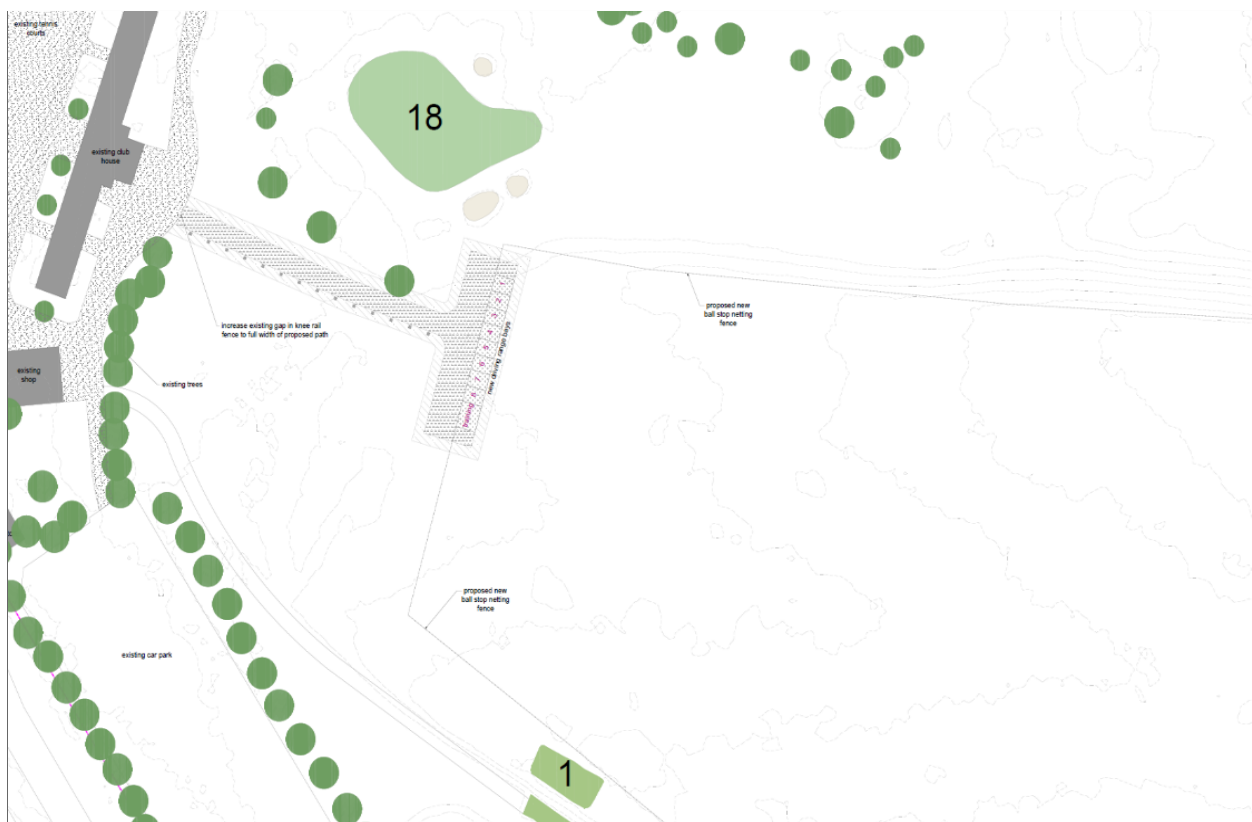
Existing numbers for each site is as follows:

- Current Yearly rounds at Bootle Golf Course – 24,000 (2018/19)
- Current Yearly rounds at Southport Links Golf Course – 28,000 (2018/19)

5. Commercial Case – Bootle Golf Course - Options

Phase 1 (to be constructed Spring 2020)

- 1.18. A new single-story structure would need to be constructed to provide 9 driving bays and one training bay. 4 different options have been modelled.
- 1.19. The driving range site has already been partially developed by a previous incumbent so minimal ground works will be required, and no course redesign is needed. The driving range bays still require construction. Planning approval was submitted and approved in 2010 but the project was never completed. A new updated planning application will be required to progress this project.
- 1.20. The site would require site fencing and netting, ball dispensing equipment, balls, ball cleaning and collection equipment etc.
- 1.21. **Bootle Site Plan with planned driving range –**



1.22. **Bootle Golf Course Capital Costs – For each option:**

	Gold Option 4	Silver + (with lights) Option 3a	Silver (no light) Option 3b	Bronze Option 2
Range netting/ Fencing	£ 70,000	£ 70,000	£ 70,000	£ 20,000
Ground preparation	£ 3,000	£ 3,000	£ 3,000	£ 3,000
Bays construction	£ 120,000	£ 120,000	£ 80,000	£ 15,000
Floodlighting	£ 15,000	£ 15,000	£ -	£ -
Electric mule ball collector	£ 2,000	£ 2,000	£ 2,000	£ 2,000
Ball washing machine	£ 2,600	£ 2,600	£ 2,600	£ -
Automatic ball dispenser with Digi Card Reader	£ 4,600	£ 4,600	£ -	£ -
power tee ball feeder	£ 65,000	£ -	£ -	£ -
Range targets/ Signage	£ 6,000	£ 2,000	£ 2,000	£ -
Golf Mats	£ 1,600	£ 1,600	£ 1,600	£ 1,600
Range Balls	£ 1,500	£ 1,500	£ 1,500	£ 1,500
Toilet Refurb	£ 10,000	£ 10,000	£ 10,000	£ -
Planning Fees	£ 500	£ 500	£ 500	£ 500
Contingency @ 10%	£ 30,180	£ 23,280	£ 17,320	£ 4,360
TOTAL	£ 331,980	£ 256,080	£ 190,520	£ 47,960

These costs have been confirmed following extensive research, by discussion with design and build contractors and suppliers of specialist equipment.

Detailed analysis of options 2, 3b and 4 are provided within the Appendix attached to this document. The next section of this document focusses on the preferred option.

1.23. Preferred Option

Bootle Golf Course Operating Costs – Silver (with floodlights) Option 3a:

OPERATING COSTS (Bootle) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	Total of Years	Assumptions
	£	£	£	£	£	£	£	
shop staffing	11,000	11,550	12,128	12,734	13,371	77,575	138,357	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	40,198	71,694	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	1,500	1,575	1,654	1,736	1,823	10,578	18,867	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	6,000	6,300	6,615	6,946	7,293	42,314	75,467	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	2,500	2,500	500	500	500	2,500	9,000	
Business Rates	1,500	1,500	1,500	1,500	1,500	7,500	15,000	based on valuation office estimate
Replacement Balls	500	500	500	500	500	2,500	5,000	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	5,300	9,000	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	28,800	31,610	29,281	32,215	32,015	188,465	342,385	

(No anticipated increase in insurance premium due to the council because of this development)

(Business rates valuations team are to confirm increase in NNDR: additional 20% of existing course costs assumed)

1.24. Projected annual take up and new income against operating costs –

Silver (with floodlights) Option 3a

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
		£	£	£	£	£	£	£	£	£	£	£
Bootle	Operating costs	28,800	31,610	29,281	32,215	32,015	35,086	35,030	38,252	38,354	41,742	342,385
	Prudential Borrowing Costs	28,928	28,928	28,928	28,928	28,928	28,928	28,928	28,928	28,928	28,928	289,278
	TOTAL	57,728	60,538	58,209	61,143	60,943	64,014	63,958	67,180	67,282	70,670	631,662

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop profit	Golf Professional Lesson Concession (excluding VAT)	Bay & Hole Sponsorship (excluding VAT)	Operating costs (including capital recharge)	Surplus	Site Utilisation	Additional hours of golf activity
		£	£	£	£	£	£	£		
2020/21	30	43,680	13,104	1,747			-57,728	803	10%	9828
2021/22	40	58,240	17,472	2,330	4,167	5,000	-60,538	26,671	13%	13104
2022/23	45	65,520	19,656	2,621	8,333	7,500	-58,209	45,422	15%	14742
2023/24	50	72,800	21,840	2,912	8,333	7,500	-61,143	52,243	17%	16380
2024/25	55	80,080	24,024	3,203	8,333	7,500	-60,943	62,198	18%	18018
2025/26	60	87,360	26,208	3,494	8,333	7,500	-64,014	68,882	20%	19656
2026/27	60	87,360	26,208	3,494	8,333	7,500	-63,958	68,938	20%	19656
2027/28	60	87,360	26,208	3,494	8,333	7,500	-67,180	65,716	20%	19656
2028/29	60	87,360	26,208	3,494	8,333	7,500	-67,282	65,614	20%	19656
2029/30	60	87,360	26,208	3,494	8,333	7,500	-70,670	62,226	20%	19656
10 Year Total		757,120	227,136	30,285	70,833	65,000	-631,662	518,712		
Max buckets	300	436,800	131,040	17,472	8,333	7,500		601,145	100%	

1.25. **Bootle Option 3a Summary**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£513k surplus over 10 years) Year 1 £803 surplus Year 2 £26,671 surplus Year 3 £45,422 surplus Year 4 £52,243 surplus Year 5 £62,198 surplus	4
Total		21 (Best Option)

6. Additional Income Research/ Projections

- 1.26. Research has been undertaken that suggests Hurlston Hall Golf Driving Range in Ormskirk on average sells 40 buckets a day after being open for a number of years. Green Sefton are therefore confident that the expected numbers in the first two years can, with marketing, be achieved. Further growth in numbers in the proceeding years will be reliant on further improvements and investment into the sites in hospitality offerings to increase overall footfall through the golf courses. This is planned as part of future Growth Board Projects. The number of bucket sales is anticipated to be consistent throughout the year due to lighting.
- 1.27. The price of £4 for a basket of 50 balls is based on research undertaken across Sefton. Prices range from £3.50 at Formby Golf Course for 50 balls to £4 at Aintree Driving Range for 50 balls. Hurlston Hall charges £3.75 for 50 balls.
- 1.28. In addition, this extra footfall is anticipated to result in increased awareness and use of the existing golf course and increased food and drink sales in the on-site shop.
- 1.29. Based on the secondary sales conversion from existing users, it is anticipated that 20% of users will make a purchase in the shop resulting in a net profit of 80p per sale. Growth of this income stream year on year has been factored in as the number of visitors increase through the driving range.
- 1.30. Extra golf course income is based on 10% of users playing a round of golf on average through the year. This is based on fact that over the summer season (April – October) there are double the number of rounds compared to the winter.
- 1.31. There are two distinct markets for these new facilities. Beginners who are learning for the first time, and existing players who want to learn more/ practise or to warm up before playing a round.
- 1.32. Additional income of circa £10,000 (£8,333 net of VAT) a year has been anticipated within the business case from a golf professional lesson concession. Many local clubs offer lesson packages through professionals who pay a yearly concession to use the facilities. They can charge between £40 to £70 per hour. Aintree Golf Course offers development packages ranging from £155 to £450 for golf lessons. These services could be offered through a concession following the launch of the new facilities including the bigger teaching bay. (These items are standard rated VAT)
- 1.33. Sponsorship packages will also be offered for local companies who would pay £500 per year to sponsor a tee with signage and a driving range bay with signage. Giving a yearly income per course of £9,000 (£7,500 net of VAT). This price is comparable to other golf courses of a similar size with bigger more popular courses charging £1000 per year. Comparable levels of income are already being generated from sponsorship and advertising on the fencing outside the two courses so there is demand. Some sites offer corporate discounts to encourage golf days and events. This income is standard rated for VAT and the associated projections within the financial forecast have been adjusted.

- 1.34. The figures quoted are cautious in order to allow for contingency and the potential income loss of existing clients using the driving range as an alternative to playing the course due to bad weather.
- 1.35. It is proposed to investigate the option of Salix funding for the installation of Solar Photovoltaic Panels at both sites to help off set energy costs on site. Following a full cost and functionality analysis a decision will be made if this is an option.

7. Financial Case – Bootle Golf Course

- 1.36. 10 Year Cash flow – Bootle – Silver (with lights) – 3a

	Financial Year						TOTAL ALL YEARS
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	
Units Sold per Day @ £4 each	30	40	45	50	55	300	520
Site Utilisation	10%	13%	15%	17%	18%	20%	
INCOME							
Driving Range Income	£43,680	£58,240	£65,520	£72,800	£80,080	£436,800	£757,120
Additional Rounds Income @ £12 per round	£13,104	£17,472	£19,656	£21,840	£24,024	£131,040	£227,136
Additional Shop Profit @ £0.80 per head	£1,747	£2,330	£2,621	£2,912	£3,203	£17,472	£30,285
Golf Pro Concession	£0	£4,167	£8,333	£8,333	£8,333	£41,667	£70,833
Bay & Hole Sponsorship	£0	£5,000	£7,500	£7,500	£7,500	£37,500	£65,000
TOTAL INCOME	£58,531	£87,208	£103,630	£113,385	£123,141	£664,479	£1,150,374
EXPENDITURE							
Operating Costs	(£28,800)	(£31,610)	(£29,281)	(£32,215)	(£32,015)	(£188,465)	(£342,385)
PWLB Repayments	(£28,928)	(£28,928)	(£28,928)	(£28,928)	(£28,928)	(£144,639)	(£289,278)
TOTAL EXPENDITURE	(£57,728)	(£60,538)	(£58,208)	(£61,142)	(£60,943)	(£333,103)	(£631,662)
TOTAL SURPLUS	£803	£26,671	£45,422	£52,243	£62,198	£331,375	£518,712

1.37. This section sets out the forecast financial implications of the Preferred Option.

The key assumptions underpinning this model are:

1.38. **Unit Sales / Price Point** – A unit is defined as a bucket of 50 balls sold for a standard price of £4. Unit sales are assumed to average 52 per day over a 10 year analysis period starting at 30 per day and rising to 60 per day in year 6.

Green Sefton forecast an increase in sales linked to a phased take-up of the offer following a concerted marketing drive in the first two years. Further increases are reliant on other developments in the area including the corner plot of Bootle Golf Course and the introduction of a food and beverage offer.

The price point of £4 per unit has been arrived at following market research carried out into other driving ranges within the borough.

1.39. **Site Utilisation** – Opening hours are proposed to be for 15 hours per day (between 7am and 10pm) for 7 days per week. Green Sefton estimate that users of the range will stay for an average of 30 minutes and there are 9 bays plus training bay available within the proposed design.

1.40. **Driving Range Income** – Direct income from usage of the driving range is the key income stream for the proposed development. This has been calculated using a standard price of £4 per unit, an estimated sales volume ranging between 30 and 60 units per day over the 10 year analysis period and it is assumed that the range will be open for 364 days per year.

1.41. **Additional Rounds Income** – The forecast assumes there will be an increase in the number of golfers choosing to play a round of golf and that these are in addition to current users of the course. The forecast assumes a conversion rate of 10% of the number of units sold. This equates to 3 to 6 additional rounds on average per day for 364 days of the year at £12 per round.

1.42. **Additional Shop Profit** – The forecast assumes that there will be an increase in shop sales due to the development with a conversion rate of 20% of the number of units sold. Profit is assumed to average £0.80 per sale.

1.43. **Golf Pro Concession** – Many local clubs offer lesson packages through professionals who pay a yearly concession to use the facilities. The proposed design includes a wider teaching bay to accommodate this and the forecast assumes that the concession will be in place from mid-2021/22 generating an annual profit of £8,333 (net of VAT).

1.44. **Bay and Hole Sponsorship** – Sponsorship packages for local companies to pay £500 per year to sponsor a tee with signage and a driving range bay with signage. This is estimated to generate £7,500 per annum (net of VAT) on the assumption that all 18 holes of the course are sponsored. Research carried out by Green Sefton indicates that this price is comparable to other golf courses of a similar size with bigger more popular courses charging £1,000 per year.

The forecast assumes no take-up in the first year of operation, two thirds take-up in year 2 and all 18 holes being sponsored in year 3.

- 1.45. **Operating Costs** – Detailed operating costs have been identified separately within this report. The majority of the costs relate to shop and grounds maintenance staffing, utilities and maintenance and repairs. Annual inflation has been assumed at 5% with all other costs assumed to remain fixed for the 10 year analysis period.
- 1.46. **PWLB Repayments** – PWLB repayments at Bootle are based on a capital cost of £256k and an assumed PWLB borrowing rate of 2.28%. Repayments are assumed to be made on an annuity basis (fixed) for a period of 10 years and this has been linked to the assumed asset life of the driving range. In reality, the asset life may be longer than this but a refurbishment / refresh of the facility may be required at this point.
- 1.47. **Value Added Tax** – All figures within the cash flow are shown net of VAT. Driving range income and additional rounds income are assumed to be exempt and all other income standard rated.
- 1.48. Based on the assumptions outlined above, the overall position is a forecast net surplus of £519k over the 10 year analysis period and this will contribute towards savings allocated to Green Sefton. These have already been assumed within the Medium Term Financial Plan (MTFP).

1.49. **Net Present Value (NPV)**

The Net Present Value (NPV) appraisal technique has been used to assess the financial viability of the proposal. NPV represents the return / gain on initial investment in present day terms in line with the Treasury Green Book appraisal methodology using a standard discount factor of 5.57% which is comprised of a 3.5% real discount rate plus 2% inflation which is HM Treasury's target rate. A positive NPV indicates a project is worth undertaking from a financial point of view.

- 1.50. The Preferred Option results in a positive NPV of £330k indicating that the project is worth undertaking from a financial point of view. This represents a gain in present value terms on the initial investment over the 10 year analysis period.
- 1.51. It should be noted that the total construction cost of £256k has been derived following extensive research, by discussion with design and build contractors and suppliers of specialist equipment. As the developed designs are refined in conjunction with a contractor through to detailed technical designs there may be some refinement of this cost. The NPV viability of the project will be reassessed at that point.

1.52. **Sensitivity Analysis**

With a project of this nature, whilst a base case can be developed to enable informed decision making, there will inevitably be some variation to this over time.

- 1.53. Therefore, in developing this business case sensitivity analysis has been undertaken that aims to outline the impact in financial performance that could be experienced should there be changes to:
- a) Capital Cost
 - b) Sales (Price)
 - c) Sales (Units)
 - d) Operating Costs

e) Additional Benefits

- 1.54. It is important to note that these changes may not take place in isolation e.g. over 10 years there may not only be a change in construction cost, but other changes could also take place concurrently over the life-cycle of the project.

A summary of the outputs from the full sensitivity analysis, which explores a number of these potential variations, are provided in the table below:

1.55. **Sensitivity Analysis – Silver (with lights) 3a**

Sensitivity Group	Sensitivity Description	Return / (Loss) Generated over the term	Projected Net Present Value (NPV)
		£000s	£000s
Recommended Option	Silver Option with Lights	519	330
Capital Cost Sensitivities	Cost increase from £256k to £263k [Breakeven in Year 1 & Surplus in Subsequent Years]	511	323
	Cost increase from £256k to £715k [Breakeven Over 10 Years]	0	(129)
	Cost increase from £256k to £866k [Loss in All Years]	(171)	(280)
Sales (Price) Sensitivities	Reduced from £4 to £1 per Bucket	(49)	(85)
	Reduced from £4 to £2 per Bucket	140	54
	Reduced from £4 to £3 per Bucket	329	192
Sales (Units) Sensitivities	Average Sales Reduced from 52 to 51 Per Day [Breakeven in Year 1 & Surplus in Subsequent Years]	505	320
	Average Sales Reduced from 52 to 26 Per Day [Breakeven Over 10 Years]	0	(49)
	Average Sales Reduced from 52 to less than 21 Per Day [Loss in All Years]	(79)	(106)
Operating Cost Sensitivities	Average costs per annum increase from £34k to £68k [Increased by 100%]	176	77
	Average costs per annum increase from £34k to £103k [Increased by 200%]	(166)	(176)
	Average costs per annum increase from £34k to £137k [Increased by 300%]	(508)	(428)

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Additional Benefit Sensitivities	Average annual benefits reduced from £39k to £19k [Assumed Reduced by 50%]	322	187
	Average annual benefits reduced from £39k to £0k [Assumed No Additional Benefits]	125	44
	Average Sales Reduced from 52 to 30 Per Day + Assumed No Additional Benefits	(195)	(190)

8. Commercial Case – Southport Golf Links - Options

Phase 2 (to be constructed Winter 20/21)

- 1.56. A new single-story structure would need to be constructed to provide 9 driving bays and one training bay. Some course realignment will be required to allow for this.
- 1.57. Planning approval will be needed for any development at this site. Unlike Bootle the site has not had previous planning permission
- 1.58. The site would require site fencing and netting, ball dispensing equipment, balls, ball cleaning and collection equipment.
- 1.59. **Planned Southport Site Plan with planned driving range –**



1.60. **Southport Golf Links Capital Costs – For each option:**

	Gold	Silver + (with lights)	Silver (no lights)	Bronze
	Option 4	Option 3a	Option 3b	Option 2
Range netting/ Fencing	£ 70,000	£ 70,000	£ 70,000	£ 20,000
Ground preparation/ course realignment	£ 20,000	£ 20,000	£ 20,000	£ 20,000
Bays construction	£ 120,000	£ 120,000	£ 80,000	£ 15,000
Floodlighting	£ 30,000	£ 30,000	£ -	£ -
Electric mule ball collector	£ 2,000	£ 2,000	£ 2,000	£ 2,000
Ball washing machine	£ 2,600	£ 2,600	£ 2,600	£ -
Automatic ball dispenser with Digi Card Reader	£ 4,600	£ 4,600	£ -	£ -
power tee ball feeder	£ 65,000	£ -	£ -	£ -
Range targets/ Signage	£ 6,000	£ 2,000	£ 2,000	£ -
Golf Mats	£ 1,600	£ 1,600	£ 1,600	£ 1,600
Range Balls	£ 1,500	£ 1,500	£ 1,500	£ 1,500
Planning Fees	£ 500	£ 500	£ 500	£ 500
Contingency @ 10%	£ 32,380	£ 21,020	£ 18,020	£ 6,060
TOTAL	£ 356,180	£ 280,280	£ 198,220	£ 66,660

These costs have been confirmed following extensive research, by discussion with design and build contractors and suppliers of specialist equipment.

Detailed analysis of options 2, 3b and 4 are provided within the Appendix attached to this document.

1.61. Preferred Option

Southport Golf Links Operating Costs – Silver (with floodlights) Option 3a:

OPERATING COSTS (Southport) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 to 2030/31	Total of Years	Assumptions
	£	£	£	£	£	£	£	£	
shop staffing	0	11,550	12,128	12,734	13,371	14,039	81,454	145,275	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	42,208	75,279	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	1,575	1,654	1,736	1,823	1,914	11,107	19,810	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	0	6,300	6,615	6,946	7,293	7,658	44,429	79,241	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	2,500	7,000	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	7,500	15,000	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	2,500	5,000	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	100	3,700	9,000	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	0	31,610	29,281	32,215	32,015	33,486	195,398	355,604	

(Colleagues have confirmed there would be no increase insurance premium due to the council because of this development)

(Business rates valuations team are to confirm increase in NNDR: additional 20% of existing course costs assumed)

1.62. **Projected annual take up and new income against operating costs – Southport**

Silver (with floodlights) Option 3a

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Operating costs	0	31,610	29,281	32,215	32,015	35,086	35,030	38,252	38,354	41,742	42,019
	Prudential Borrowing Costs	0	31,661	31,661	31,661	31,661	31,661	31,661	31,661	31,661	31,661	31,661
	TOTAL	0	63,271	60,942	63,876	63,676	66,747	66,691	69,913	70,015	73,403	73,681

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop profit	Golf Professional Lesson Concession (-VAT)	Bay & Hole Sponsorship (-VAT)	Operating costs	Surplus	Site Utilisation	Additional hours of golf activity
2020/21*										
2021/22	40	58,240	21,840	2,330			-63,271	19,138	13%	13104
2022/23	45	65,520	24,570	2,621	8,333	5,000	-60,942	45,102	15%	14742
2023/24	50	72,800	27,300	2,912	8,333	7,500	-63,876	54,969	17%	16380
2024/25	55	80,080	30,030	3,203	8,333	7,500	-63,676	65,470	18%	18018
2025/26	60	87,360	32,760	3,494	8,333	7,500	-66,747	72,700	20%	19656
2026/27	60	87,360	32,760	3,494	8,333	7,500	-66,691	72,756	20%	19656
2027/28	60	87,360	32,760	3,494	8,333	7,500	-69,913	69,534	20%	19656
2028/29	60	87,360	32,760	3,494	8,333	7,500	-70,015	69,432	20%	19656
2029/30	60	87,360	32,760	3,494	8,333	7,500	-73,403	66,044	20%	19656
2030/31	60	87,360	32,760	3,494	8,333	7,500	-75,280	65,767	20%	19656
10 Year Total		800,800	300,300	32,032	75,000	65,000	-672,219	600,913		
Max buckets	300	436,800	163,800	17,472	8,333	7,500		633,905	100%	

1.63. **Southport Golf Links Option 3a Summary**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£593k surplus over 10 years) Year 1 £0 – not built Year 2 £19,138 surplus Year 3 £45,102 surplus Year 4 £54,969 surplus Year 5 £65,470 surplus Year 6 £72,700 surplus	4
Total		17 (Best Option)

9. Financial Case – Southport Golf Links

1.64. 10 Year Cash flow – Southport – Silver (with lights) 3a

	Financial Year						TOTAL ALL YEARS
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 to 2030/31	
Units Sold per Day @ £4 each	40	45	50	55	60	300	550
Site Utilisation	13%	15%	17%	18%	20%	20%	
INCOME							
Driving Range Income	£58,240	£65,520	£72,800	£80,080	£87,360	£436,800	£800,800
Additional Rounds Income @ £15 per round	£21,840	£24,570	£27,300	£30,030	£32,760	£163,800	£300,300
Additional Shop Profit @ £0.80 per head	£2,330	£2,621	£2,912	£3,203	£3,494	£17,472	£32,032
Golf Pro Concession	£0	£8,333	£8,333	£8,333	£8,333	£41,667	£75,000
Bay & Hole Sponsorship	£0	£5,000	£7,500	£7,500	£7,500	£37,500	£65,000
TOTAL INCOME	£82,410	£106,044	£118,845	£129,147	£139,448	£697,239	£1,273,132
EXPENDITURE							
Operating Costs	(£31,610)	(£29,281)	(£32,215)	(£32,015)	(£35,086)	(£195,398)	(£355,604)
PWLB Repayments	(£31,661)	(£31,661)	(£31,661)	(£31,661)	(£31,661)	(£158,307)	(£316,615)
TOTAL EXPENDITURE	(£63,271)	(£60,942)	(£63,876)	(£63,677)	(£66,747)	(£353,705)	(£672,219)
TOTAL SURPLUS	£19,138	£45,102	£54,969	£65,470	£72,700	£343,533	£600,913

1.65. This section sets out the forecast financial implications of the Preferred Option.

The key assumptions underpinning this model are:

1.66. **Unit Sales / Price Point** – A unit is defined as a bucket of 50 balls sold for a standard price of £4. Unit sales are assumed to average 55 per day over a 10 year analysis period starting at 30 per day and rising to 60 per day in year 6.

Green Sefton forecast an increase in sales linked to a phased take-up of the offer following a concerted marketing drive in the first two years. Further increases are reliant on other developments in the area including potential White House Café development.

The price point of £4 per unit has been arrived at following market research carried out into other driving ranges within the borough.

- 1.67. **Site Utilisation** – Opening hours are proposed to be for 15 hours per day (between 7am and 10pm) for 7 days per week. Green Sefton estimate that users of the range will stay for an average of 30 minutes and there are 10 bays available within the proposed design.
- 1.68. **Driving Range Income** – Direct income from usage of the driving range is the key income stream for the proposed development. This has been calculated using a standard price of £4 per unit, an estimated sales volume ranging between 30 and 60 units per day over the 10 year analysis period and it is assumed that the range will be open for 364 days per year.
- 1.69. **Additional Rounds Income** – The forecast assumes there will be an increase in the number of golfers choosing to play a round of golf and that these are in addition to current users of the course. The forecast assumes a conversion rate of 10% of the number of units sold. This equates to 3 to 6 additional rounds on average per day for 364 days of the year at £12 per round.
- 1.70. **Additional Shop Profit** – The forecast assumes that there will be an increase in shop sales due to the development with a conversion rate of 20% of the number of units sold. Profit is assumed to average £0.80 per sale.
- 1.71. **Golf Pro Concession** – Many local clubs offer lesson packages through professionals who pay a yearly concession to use the facilities. The proposed design includes a wider teaching bay to accommodate this and the forecast assumes that the concession will be in place from mid-2021/22 generating an annual profit of £8,333 (net of VAT).
- 1.72. **Bay and Hole Sponsorship** – Sponsorship packages for local companies to pay £500 per year to sponsor a tee with signage and a driving range bay with signage. This is estimated to generate £7,500 per annum (net of VAT) on the assumption that all 18 holes of the course are sponsored. Research carried out by Green Sefton indicates that this price is comparable to other golf courses of a similar size with bigger more popular courses charging £1,000 per year.

The forecast assumes no take-up in the first year of operation, two thirds take-up in year 2 and all 18 holes being sponsored in year 3.
- 1.73. **Operating Costs** – Detailed operating costs have been identified separately within this report. The majority of the costs relate to shop and grounds maintenance staffing, utilities and maintenance and repairs. Annual inflation has been assumed at 5% with all other costs assumed to remain fixed for the 10 year analysis period.
- 1.74. **PWLB Repayments** – PWLB repayments at Southport are based on a capital cost of £280k and an assumed PWLB borrowing rate of 2.28%. Repayments are assumed to be made on an annuity basis (fixed) for a period of 10 years and this has been linked to the assumed asset life of the driving range. In reality, the asset life may be longer than this but a refurbishment / refresh of the facility may be required at this point.

1.75. **Value Added Tax** – All figures within the cash flow are shown net of VAT. Driving range income and additional rounds income are assumed to be exempt and all other income standard rated.

1.76. Based on the assumptions outlined above, the overall position is a forecast net surplus of £601k over the 10 year analysis period and this will contribute towards savings allocated to Green Sefton. These have already been assumed within the Medium Term Financial Plan (MTFP).

1.77. **Net Present Value (NPV)**

The Net Present Value (NPV) appraisal technique has been used to assess the financial viability of the proposal. NPV represents the return / gain on initial investment in present day terms in line with the Treasury Green Book appraisal methodology using a standard discount factor of 5.57% which is comprised of a 3.5% real discount rate plus 2% inflation which is HM Treasury's target rate. A positive NPV indicates a project is worth undertaking from a financial point of view.

1.78. The Preferred Option results in a positive NPV of £395k indicating that the project is worth undertaking from a financial point of view. This represents a gain in present value terms on the initial investment over the 10 year analysis period.

1.79. It should be noted that the total construction cost of £280k has been derived following extensive research, by discussion with design and build contractors and suppliers of specialist equipment. As the developed designs are refined in conjunction with a contractor through to detailed technical designs there may be some refinement of this cost. The NPV viability of the project will be reassessed at that point.

1.80. **Sensitivity Analysis**

1.81. With a project of this nature, whilst a base case can be developed to enable informed decision making, there will inevitably be some variation to this over time.

1.82. Therefore, in developing this business case sensitivity analysis has been undertaken that aims to outline the impact in financial performance that could be experienced should there be changes to:

- a) Capital Cost
- b) Sales (Price)
- c) Sales (Units)
- d) Operating Costs
- e) Additional Benefits

1.83. It is important to note that these changes may not take place in isolation e.g. over 10 years there may not only be a change in construction cost, but other changes could also take place concurrently over the life-cycle of the project.

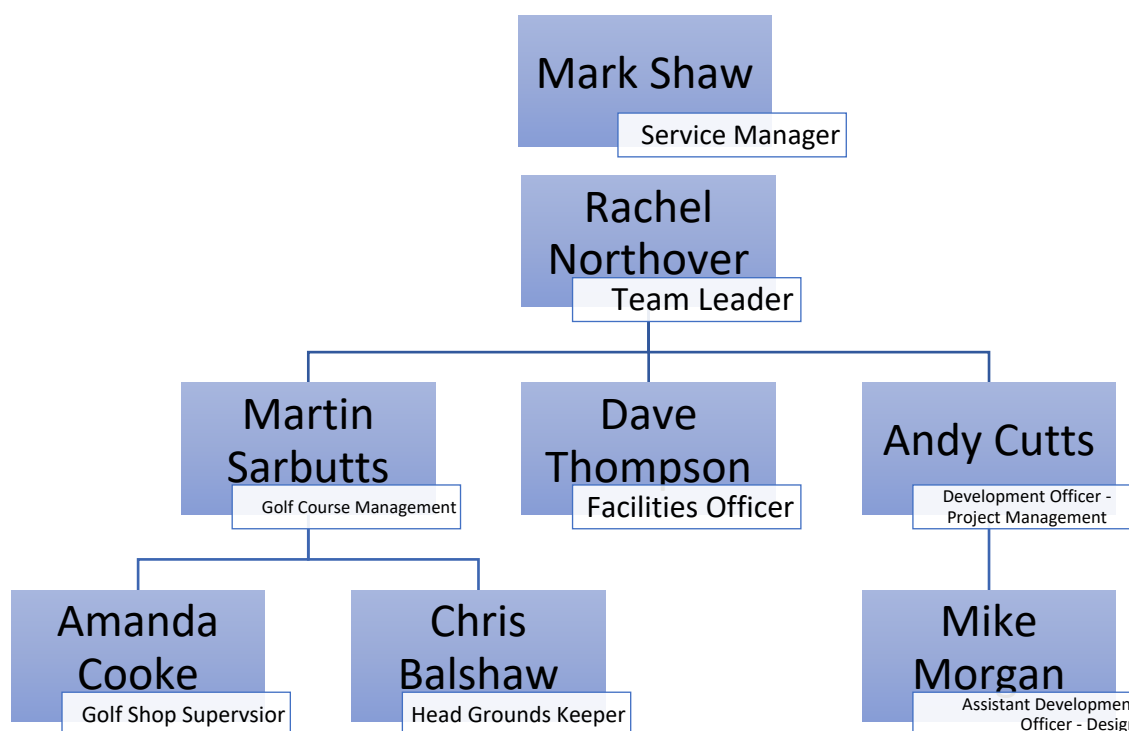
A summary of the outputs from the full sensitivity analysis, which explores a number of these potential variations, are provided in the table below:

1.84. **Sensitivity Analysis – Silver (with lights) 3a**

Sensitivity Group	Sensitivity Description	Return / (Loss) Generated over the term	Projected Net Present Value (NPV)
		£000s	£000s
Recommended Option	Silver Option with Lights	601	395
Capital Cost Sensitivities	Cost increase from £280k to £450k [Breakeven in Year 1 & Surplus in Subsequent Years]	410	226
	Cost increase from £280k to £812k [Breakeven Over 10 Years]	0	(137)
	Cost increase from £280k to £924k [Loss in All Years]	(127)	(249)
Sales (Price) Sensitivities	Reduced from £4 to £1 per Bucket	0	(48)
	Reduced from £4 to £2 per Bucket	201	100
	Reduced from £4 to £3 per Bucket	401	247
Sales (Units) Sensitivities	Average Sales Reduced from 55 to 42 Per Day [Breakeven in Year 1 & Surplus in Subsequent Years]	338	201
	Average Sales Reduced from 55 to 26 Per Day [Breakeven Over 10 Years]	0	(48)
	Average Sales Reduced from 55 to less than 23 Per Day [Loss in All Years]	(66)	(97)
Operating Cost Sensitivities	Average costs per annum increase from £36k to £71k [Increased by 100%]	245	132
	Average costs per annum increase from £36k to £107k [Increased by 200%]	(110)	(130)
	Average costs per annum increase from £36k to £142k [Increased by 300%]	(466)	(393)
Additional Benefit Sensitivities	Average annual benefits reduced from £47k to £24k [Assumed Reduced by 50%]	365	222
	Average annual benefits reduced from £47k to £0k [Assumed No Additional Benefits]	129	48
	Average Sales Reduced from 55 to 30 Per Day + Assumed No Additional Benefits	(235)	(221)

10. Project Management

The project will be managed internally within Green Sefton by the Development Team and the existing Golf Working Group. Members of this group and reporting structure is outlined below:



- 1.85. As Service Manager of Green Sefton Mark Shaw will take a strategic lead for the Growth Agenda of which this project plays a key part.
- 1.86. Martin Sarbutts is the golf working group lead for this project and manages the two sites on a day to day basis with Amanda Cooke and Chris Balshaw who is part of the Grounds Maintenance Team. Martin is supported by his line managers Dave Thompson and Rachel Northover and they sit on the same working group. The project is being supported by the Development Team that includes Andy Cutts and Mike Morgan. The Development team will project management the design, consultation, procurement and delivery. Andy Cutts is chair of the monthly working group meetings.
- 1.87. Support will be required by the central finance team to monitor spend. Further support will be required from the central procurement team to tender for the required works through the CHEST.

11. Indicative Timescales for Development

1.88. **Bootle Golf Course**

- Develop design – October/ November 2019
- Consult with users – October to November 2019
- Growth Board – December 2019
- Planning Approval – February 2020
- Tender for works – January/ February 2020
- Cabinet Approval – February 2020
- Award contract – March/ April 2020
- Construction – April/ May 2020
- Communications/ Opening – Summer 2020

1.89. **Southport Golf Links**

- Develop designs – January 2020
- Consult with users – February to March 2020
- Planning – May 2020
- Tender for works – January/ February 2020
- Award contract – March/ April 2020
- Construction – Autumn/ Winter 2020
- Communications/ Opening – Spring 2021

The timelines above ensure construction works take place during the quieter times on the course, thus reducing potential impact on income

12. Risks & Mitigation –

The following risk register is designed to log potential risk to the delivery of the project and to log any mitigation that can be put into place to reduce any risks. This will be managed and monitored by the project team.

Risk Register: Golf					
Risk Number	Risk Description	Impact Score - 1 (low) to 5 (high)	Likelihood Score - 1 (low) to 5 (high)	Score	Risk Mitigations
1.0 Business Case					
1.1	Accuracy of construction costs	5	2	10	Use robust figures from market place prior to tender. Re-visit specification to identify saving if needed. Include 10% contingency costs.
1.2	Accuracy of future income modelling	4	2	8	Income modelling carried out by in-house experienced staff from Green Sefton and Finance. Undertake research into nearby facilities. Develop marketing plan and monitor competing facilities.
2.0 Approvals					
2.1	Delay in approval process required prior to Cabinet	4	2	8	Robust Cabinet Report and FBC. Early Member consultation
2.2	Cabinet reject FBC	5	2	10	Robust Cabinet Report and FBC. Early Member consultation
2.3	Planning Approval	5	2	10	Early consultation with planning team, residents, course users
2.4	Procurement Approval	5	1	5	Work with procurement team to plan and produce reports
3.0 Design					
3.1	Design gaps (delays or increased costs) due to lack of site information	3	3	9	Work with existing site staff to better understand available data/ plans

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3.2	Final design exceeds budget	3	3	9	Use in-house knowledge to validate prior to procurement
3.3	Impact on future plans for sites	2	2	4	Agree phased plans for sites to complement future plans
3.4	Unknown ecology/ environmental issues that may result in delay or increased costs	3	3	9	Consult ecology officers and planning at early stage.
4.0 Construction					
4.1	Issues caused by construction access & traffic	3	2	6	Develop site access plan with Contractor to minimise impact on highway and pedestrians
4.2	Site security during construction	3	3	9	Detailed plan with Contractor/ compound. Link with Sefton Arc. CCTV
4.3	Dangers caused by dust, noise, confined spaces, lifting, excavations	2	2	4	CDM plan with Contractor
4.4	Contractor slippage in programme	3	3	9	Close monitoring of Contractor
4.5	On site weather conditions	2	2	4	Monitor weather conditions and avoid peak events
4.6	Services - drainage & electrics	3	2	6	Work with Sefton Arc to understand risks
4.7	Ground Conditions - sand	2	2	4	Over engineer the foundations to deal with sand conditions for fencing
5.0 Communications					
5.1	Opposition from local residents due to site improvements	2	2	4	Early consultation, communications and engagement
5.2	Opposition from club members due to site improvements	2	2	4	Early consultation, communications and engagement
5.3	Sites do not achieve required usage to cover costs	2	2	4	Develop detailed marketing plan and budget to promote the sites. Link with offers for young people to attract them to the sport.

13. Conclusion –

- 1.90. This proposal will assist in meeting the council's budgetary requirements and income targets for Green Sefton – initially contributing to help meet the £212k increase already accounted for in 19/20, but over time to be increased as outlined in this report.
- 1.91. Approval has already been given from Cabinet/ Full Council to progress this project as part of the budget setting process for 2019/20, and further by Growth Board in December 2019.
- 1.92. Capital funding of £536,360 is now being requested for formal approval to finance and progress both phase 1 and phase 2 of this project.
- 1.93. Option 3a (Silver with lights) provides the biggest opportunity to generate maximum surplus over 10 years with a projected figure of £1.1 million over both sites. In relation to achieving the overall outcomes for the project option 3a at Bootle achieves a total score of 84% and Southport for the same 3a option achieves a total score of 85%. Providing maximum benefit for the future of the sites and facilities for site users including an option to upgrade to a gold option in time.
- 1.94. From year 1 both sites will generate a surplus after debt repayments. To break even in cash flow terms over the full 10 year period average sales per annum would need to be 26 buckets per day for both Bootle and Southport.
- 1.95. As such, it is recommended that approval be given to progress this project for delivery to the timescales outlined within this document and for final approval to be approved by Cabinet.

14. Appendix – Bootle Golf Course

1.96. Bootle Golf Course Operating Costs – Bronze (no floodlights) – Option 2:

OPERATING COSTS (Bootle) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	500	525	551	579	608	638	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	2,000	2,100	2,205	2,315	2,431	2,553	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	1,500	1,500	500	500	500	500	
Business Rates	1,500	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	500	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	11,800	13,810	11,641	13,693	12,567	14,666	

1.97. **Projected annual take up and new income against operating costs –**

Bronze (no floodlights) Option 2

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Bootle	Operating costs	11,800	13,810	11,641	13,693	12,567	14,666
	Prudential Borrowing Costs	5,418	5,418	5,418	5,418	5,418	5,418
	TOTAL	17,218	19,228	17,058	19,110	17,985	20,083

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21	5	7,280	2,184	291			-17,218	-7,463	3%
2021/22	10	14,560	4,368	582	833	0	-19,228	1,116	5%
2022/23	10	14,560	4,368	582	833	0	-17,058	3,286	5%
2023/24	15	21,840	6,552	874	833	0	-19,110	10,989	8%
2024/25	15	21,840	6,552	874	833	0	-17,985	12,114	8%
2025/26	20	29,120	8,736	1,165	833	0	-20,083	19,771	10%
2026/27	20	29,120	8,736	1,165	833	0	-19,006	20,848	10%
2027/28	20	29,120	8,736	1,165	833	0	-21,156	18,698	10%
2028/29	20	29,120	8,736	1,165	833	0	-20,133	19,721	10%
2029/30	20	29,120	8,736	1,165	833	0	-22,339	17,516	10%
Totals		225,680	67,704	9,027	7,500	0		116,595	

Max buckets	200	291,200	87,360	11,648	8,333	0		398,541	100%
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1.98. **Bootle Option 2 Summary (Bronze)**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Non-covered driving range	1
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	2
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	1
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	3
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£117k surplus over 10 years) Year 1 -£7,463 loss Year 2 £1,116 surplus Year 3 £3,286 surplus Year 4 £10,989 surplus Year 5 £12,114 surplus	1
Total		8

1.99. **Bootle Golf Course Operating Costs – Silver (no floodlights) Option 3b:**

OPERATING COSTS (Bootle) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	500	525	551	579	608	638	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	5,000	5,250	5,513	5,788	6,078	6,381	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	2,500	2,500	500	500	500	500	
Business Rates	1,500	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	500	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	15,800	17,960	14,948	17,165	16,214	18,494	

1.100. **Projected annual take up and new income against operating costs –
Silver (no floodlights) Option 3b**

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Bootle	Operating costs	15,800	17,960	14,948	17,165	16,214	18,494	17,609	19,960	19,148	21,575
	Prudential Borrowing Costs	21,522	21,522	21,522	21,522	21,522	21,522	21,522	21,522	21,522	21,522
	TOTAL	37,322	39,482	36,470	38,687	37,736	40,016	39,131	41,481	40,669	43,097

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21	25	36,400	10,920	1,456			-37,322	11,454	13%
2021/22	30	43,680	13,104	1,747	2,778	1,667	-39,482	23,493	15%
2022/23	35	50,960	15,288	2,038	5,556	2,500	-36,470	39,872	18%
2023/24	40	58,240	17,472	2,330	5,556	2,500	-38,687	47,410	20%
2024/25	40	58,240	17,472	2,330	5,556	5,000	-37,736	50,862	20%
2025/26	40	58,240	17,472	2,330	5,556	5,000	-40,016	48,581	20%
2026/27	40	58,240	17,472	2,330	5,556	5,000	-39,131	49,466	20%
2027/28	40	58,240	17,472	2,330	5,556	5,000	-41,481	47,116	20%
2028/29	40	58,240	17,472	2,330	5,556	5,000	-40,669	47,928	20%
2029/30	40	58,240	17,472	2,330	5,556	5,000	-43,097	45,501	20%
Totals		538,720	161,616	21,549	47,224	36,667	-394,091	411,684	

Max buckets	200	291,200	87,360	11,648	5,556	5,000		400,764	100%
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1.101. **Bootle Option 3b (no floodlights) Summary**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range but limited opening hours due to no lights	3
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course but limited due to opening hours	3
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	2
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£411k surplus over 10 years) Year 1 £11,454 surplus Year 2 £23,493 surplus Year 3 £39,872 surplus Year 4 £47,410 surplus Year 5 £50,862 surplus	4
Total		16

1.102. **Bootle Golf Course Operating Costs – Gold Option 4:**

OPERATING COSTS (Bootle) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
shop staffing	11,000	11,550	12,128	12,734	13,371	14,039	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	5,700	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	1,500	1,575	1,654	1,736	1,823	1,914	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	6,000	6,300	6,615	6,946	7,293	7,658	reactive repairs, plus additions for lighting, assumes 5% inflation year on year
Marketing	2,500	2,500	500	500	500	500	
Business Rates	1,500	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	500	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	100	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	28,800	31,610	29,281	32,215	32,015	35,086	

1.103. Projected annual take up and new income against operating costs –

Gold Option 4

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Bootle	Operating costs	28,800	31,610	29,281	32,215	32,015	35,086
	Prudential Borrowing Costs	37,502	37,502	37,502	37,502	37,502	37,502
	TOTAL	66,302	69,112	66,782	69,716	69,517	72,588

BOOTLE	Buckets	Driving range income – buckets per day @£4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21	30	43,680	13,104	1,747			-66,302	-7,771	10%
2021/22	40	58,240	17,472	2,330	4,167	5,000	-69,112	18,097	13%
2022/23	45	65,520	19,656	2,621	8,333	7,500	-66,782	36,848	15%
2023/24	50	72,800	21,840	2,912	8,333	7,500	-69,716	43,669	17%
2024/25	55	80,080	24,024	3,203	8,333	7,500	-69,517	53,624	18%
2025/26	60	87,360	26,208	3,494	8,333	7,500	-72,588	60,308	20%
2026/27	60	87,360	26,208	3,494	8,333	7,500	-72,532	60,364	20%
2027/28	60	87,360	26,208	3,494	8,333	7,500	-75,754	57,142	20%
2028/29	60	87,360	26,208	3,494	8,333	7,500	-75,856	57,040	20%
2029/30	60	87,360	26,208	3,494	8,333	7,500	-79,244	53,652	20%
Totals		757,120	227,136	30,285	70,833	65,000	-717,402	432,972	

Max buckets	300	436,800	131,040	17,472	8,333	7,500		601,145	100%
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1.104. **Bootle Option 4 Gold Summary**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours and automatic ball feeders would raise the profile of the facility. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Complete investment already made in Bootle – just not finished	Existing work at Bootle has saved circa £50k on the build costs	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£433k surplus over 10 years) Year 1 -£7,771 loss Year 2 £18,097 surplus Year 3 £36,848 surplus Year 4 £43,669 surplus Year 5 £53,624 surplus	3
Total		20

15. Appendix – Southport Golf Links

1.105. Southport Golf Course Operating Costs – Bronze (no floodlights) – Option 2:

OPERATING COSTS (Southport) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	525	551	579	608	638	Water charges, assumes 5% inflation year on year
Maintenance and repairs	0	5,250	5,513	5,788	6,078	6,381	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	0	17,960	14,948	17,165	16,214	18,494	

1.106. **Projected annual take up and new income against operating costs –**

Bronze (no floodlights) Option 2

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Southport	Operating costs	0	17,960	14,948	17,165	16,214	18,494
	Prudential Borrowing Costs	0	7,530	7,530	7,530	7,530	7,530
	TOTAL	0	25,490	22,478	24,696	23,744	26,025

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21*									0%
2021/22	5	7,280	2,730	291	0	0	-25,490	-15,189	3%
2022/23	10	14,560	5,460	582	833	0	-22,478	-1,042	5%
2023/24	10	14,560	5,460	582	833	0	-24,696	-3,260	5%
2024/25	15	21,840	8,190	874	833	0	-23,744	7,993	8%
2025/26	20	29,120	10,920	1,165	833	0	-26,025	16,014	10%
2026/27	20	29,120	10,920	1,165	833	0	-25,139	16,899	10%
2027/28	20	29,120	10,920	1,165	833	0	-27,490	14,548	10%
2028/29	20	29,120	10,920	1,165	833	0	-26,678	15,360	10%
2030/31	20	29,120	10,920	1,165	833	0	-29,105	12,933	10%
2030/31	20	29,120	10,920	1,165	833	0	-28,374	13,664	10%
Totals		232,960	87,360	9,318	7,500	0	-259,218	77,920	

Max buckets	200	291,200	109,200	11,648	8,333	0		420,381	100%
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1.107. **Southport Option 2 Summary (Bronze)**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Non-covered driving range	1
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	2
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	1
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£78k surplus over 10 years) Year 1 £0 – not built Year 2 -£15,189 loss Year 3 -£1,042 loss Year 4 -£3,260 loss Year 5 £7,993 surplus Year 6 £16,014 surplus	1
Total		5

1.108. **Southport Golf Course Operating Costs – Silver (no floodlights) Option 3b:**

OPERATING COSTS (Southport) NO lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	525	551	579	608	638	Water charges, assumes 5% inflation year on year
Maintenance and repairs	0	5,250	5,513	5,788	6,078	6,381	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement mats every two years
TOTAL per SITE	0	17,960	14,948	17,165	16,214	18,494	

1.109. **Projected annual take up and new income against operating costs –
Silver (no floodlights) Option 3b**

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Southport	Operating costs	0	17,960	14,948	17,165	16,214	18,494	17,609	19,960	19,148	21,575	20,884
	Prudential Borrowing Costs	0	22,392	22,392	22,392	22,392	22,392	22,392	22,392	22,392	22,392	22,392
	TOTAL	0	40,352	37,340	39,557	38,605	40,886	40,001	42,351	41,539	43,967	44,835

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs	Surplus	Site Utilisation
2020/21*									0%
2021/22	25	36,400	13,650	1,456	0	0	-40,352	11,154	13%
2022/23	30	43,680	16,380	1,747	5,556	1,667	-37,340	31,690	15%
2023/24	35	50,960	19,110	2,038	5,556	2,500	-39,557	40,607	18%
2024/25	40	58,240	21,840	2,330	5,556	2,500	-38,605	51,860	20%
2025/26	40	58,240	21,840	2,330	5,556	5,000	-40,886	52,079	20%
2026/27	40	58,240	21,840	2,330	5,556	5,000	-40,001	52,965	20%
2027/28	40	58,240	21,840	2,330	5,556	5,000	-42,351	50,614	20%
2028/29	40	58,240	21,840	2,330	5,556	5,000	-41,539	51,426	20%
2029/30	40	58,240	21,840	2,330	5,556	5,000	-43,967	48,999	20%
2030/31	40	58,240	21,840	2,330	5,556	5,000	-43,235	49,730	20%
Totals		538,720	202,020	21,549	50,003	36,667	-407,833	441,125	

Max buckets	200	291,200	109,200	11,648	5,556	5,000		422,604	100%
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1.110. **Southport Golf Links Option 3b Summary**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range but limited opening hours due to no lights	3
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course but limited due to opening hours.	3
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	No floodlighting. Site hours would stay the same. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	2
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£441k surplus over 10 years) Year 1 £0 – not built Year 2 £11,154 surplus Year 3 £31,690 surplus Year 4 £40,607 surplus Year 5 £51,860 surplus Year 6 £52,079 surplus	4
Total		12

1.111. **Southport Golf Course Operating Costs – Gold Option 4:**

OPERATING COSTS (Southport) with lights	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Assumptions
shop staffing	0	11,550	12,128	12,734	13,371	14,039	assume 0.5 FTE grade B, with on costs (2-3hrs a day additional cover, 7 days per week)
grounds maintenance staffing	0	5,985	6,284	6,598	6,928	7,275	assume 0.25 FTE grade C, with on costs (1-2hrs a day additional maintenance, 7 days per week)
Utilities	0	1,575	1,654	1,736	1,823	1,914	£200 per light per year (accurate costs for LED), plus water charges, assumes 5% inflation year on year
Maintenance and repairs	0	6,300	6,615	6,946	7,293	7,658	reactive repairs to simple structure, plus additions for lighting, assumes 5% inflation year on year
Marketing	0	2,500	500	500	500	500	
Business Rates	0	1,500	1,500	1,500	1,500	1,500	based on valuation office estimate
Replacement Balls	0	500	500	500	500	500	assumes 1/3 replacement (of 5,000 balls costing £1500) each year
Replacement mats and baskets	0	1,700	100	1,700	100	1,700	minor spend on baskets each year, replacement matts every two years
TOTAL per SITE	0	31,610	29,281	32,215	32,015	35,086	

1.112. Projected annual take up and new income against operating costs –

Gold Option 4

	TOTAL COSTS BY SITE	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Southport	Operating costs		31,610	29,281	32,215	32,015	35,086
	Prudential Borrowing Costs	0	40,235	40,235	40,235	40,235	40,235
	TOTAL	0	71,845	69,516	72,450	72,251	75,321

SOUTHPORT	Buckets	Driving range income – buckets per day @ £4	Additional rounds income	Additional shop income	Golf Professional Lesson Concession	Bay & Hole Sponsorship	Operating costs (including capital recharge)	Surplus	Site Utilisation
2020/21*							0		0%
2021/22	40	58,240	21,840	2,330	4,167	5,000	-71,845	19,731	13%
2022/23	45	65,520	24,570	2,621	8,333	7,500	-69,516	39,028	15%
2023/24	50	72,800	27,300	2,912	8,333	7,500	-72,450	46,395	17%
2024/25	55	80,080	30,030	3,203	8,333	7,500	-72,251	56,896	18%
2025/26	60	87,360	32,760	3,494	8,333	7,500	-75,321	64,126	20%
2026/27	60	87,360	32,760	3,494	8,333	7,500	-75,266	64,182	20%
2027/28	60	87,360	32,760	3,494	8,333	7,500	-78,487	60,961	20%
2028/29	60	87,360	32,760	3,494	8,333	7,500	-78,590	60,858	20%
2029/30	60	87,360	32,760	3,494	8,333	7,500	-81,978	57,470	20%
2030/31	60	87,360	32,760	3,494	8,333	7,500	-82,255	57,193	20%
Totals	550	800,800	300,300	32,032	79,167	72,500	-757,958	526,840	

Max buckets	300	436,800	163,800	17,472	8,333	7,500		633,905	100%
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1.113. **Southport Option 4 Gold Summary**

Strategic Objectives	Option Outcome	Effectiveness Score (1=low/ 5=high)
Develop new covered driving range to fill gap in local market	Fully covered driving range	5
Membership is ageing – need to encourage new membership (continued H&W benefits)	Would result in extra footfall at golf course	4
Enhance the offer to underpin long term sustainability of the municipal courses through increased membership, increased usage by members, increased stickiness of membership	Floodlighting would extend opening hours and automatic ball feeders would raise the profile of the facility. Bootle would be competing with Aintree on a similar offer but the addition of a better 18-hole course alongside	4
Deliver commitments to MTFP savings (£212k from 2019/20) and future income targets	(£527k surplus over 10 years) Year 1 £0 – not built Year 2 £19,731 surplus Year 3 £39,028 surplus Year 4 £46,395 surplus Year 5 £56,896 surplus Year 6 £64,126 surplus	3
Total		16