



**COUNCILLOR PHILIP
BRIGHTMORE**

CABINET

26 NOVEMBER 2018

**LEISURE AND CULTURAL SERVICES –
FUTURE PROVISION OF GOLF COURSES**

Councillor Phillip Brightmore, Cabinet Member – Leisure and Recreation said:

“Wirral is famous for its golf courses. Host of the Open Championship as recently as 2014, our borough gives residents and visitors unrivalled choice and quality for the sport.

“We know our residents are proud of that, and we know they recognise the health and wellbeing benefits of this unique sport. That’s why we have maintained such a wide variety of golf options for so long, and why we do all we can to encourage people to be more active.

“We believe we can do a better job. We believe running golf courses is not necessarily a job the council is right for, and we know there are specialist golf companies throughout the country who could provide a better service for our residents. Should this proposal be accepted by the Cabinet, then that is what we will look for.

“We will not sell the courses. We will keep them in public ownership. Instead, we will look for an expert to come in and improve our golf courses. We will make them more efficient, better managed and higher quality.”

REPORT SUMMARY

Wirral Council provides extensive leisure, recreation, cultural, open space and library services. The cost to the Council of delivering these services is £17 million, when income from external funding is taken into account. The Council faces significant budget savings and needs to review how services can be delivered effectively whilst reducing costs, especially for discretionary services.

Over the past year the Council has undertaken a detailed review of Leisure and Cultural services to try and find ways of transforming these services to make them more sustainable, flexible and appropriate. The Council does not wish to be in a situation where it needs to consider closing or reducing services in order to balance the budget.

The Council runs three 18 hole golf courses, one 9 hole golf course and two 'fun courses' (pitch & putt and Crazy Golf). The operational revenue cost of municipal golf in Wirral in the financial year (2018/19) is £255k (£430k if the current overspend is included). A number of reviews of Council golf provision have been undertaken in previous years which have identified the requirement for significant capital investment in courses in order that they remain playable. The current service model for this service is therefore financially unsustainable.

While the Council is working with Celtic Manor on developing options for the Hoylake Municipal Golf Course there are also opportunities to seek alternative providers for the remainder of the Council's golf courses. A number of options for the future delivery of the golf courses have been considered.

This report recommends the transfer of Arrowe Park and The Warren Municipal Golf Courses to an alternative specialist golf provider on a long lease, while the Council retains the freehold ownership. This represents the most appropriate opportunity for savings in the long term while keeping the courses open for the benefit of residents and visitors to Wirral.

There is no legal requirement for the Council to provide a golf service either directly or indirectly. At a time of reduced financial support, the Council needs to review its discretionary services and seek to reduce its expenditure on non-essential services.

RECOMMENDATION/S

Cabinet is requested to:

- (1) Note the recommended option to offer the operation and management of golf courses on a long lease to a suitable alternative provider.
- (2) Agree that statutory consultation, in accordance with Section 123 (2A) of the Local Government Act 1972, in relation to the Golf Courses be commenced;

and
- (3) Results of the statutory consultation be reported to Cabinet for a final decision.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 In line with the 2020 Pledges including Leisure and Cultural opportunities for all, the future vision for municipal golf in Wirral, is to have facilities that are accessible and “fit for purpose”, to encourage more people to play and take part in golf and become healthier in the process.
- 1.2 Golf facilities are an important component of the excellent provision of leisure and cultural facilities in the Wirral. They provide affordable opportunities for a diverse range of people of all ages to participate in golf and to benefit from healthy physical activity.
- 1.3 As with many other publicly operated sports facilities, there are a number of issues facing councils in the current financial climate including the need for continued capital investment in facilities and meeting lifecycle costs.
- 1.4 The Council is committed to continue to offer excellent opportunities for local people and visitors to benefit from participation in golf; but it is faced with extremely challenging financial constraints.
- 1.5 The Golf Service is a discretionary service the Council does not have to provide. The current subsidy for all municipal golf courses is £255k (£430k if the current overspend is included) and with the national trend in golf usage being generally down, (not just for municipal golf courses but also for the majority of private golf clubs) it is envisaged that this current level of council subsidy will not reduce significantly under current arrangements.
- 1.6 There are a number of specialist golf providers who have track records in delivering successful golf courses through their single focus on the golf offer and investment. These providers have, through a soft market test undertaken in January 2018, expressed an interest in operating, investing and maintaining Wirral golf courses. However to do this they require a long lease in order to raise the investment necessary for the courses. The freehold of the courses would be retained by the Council.
- 1.7 Successfully transferring Wirral golf courses to an alternative provider would remove the requirement for the Council subsidy, raise income from the lease rentals and remove the requirement for capital investment by the council. Restrictive covenants would be placed on the golf courses that they only be used as golf courses and that they are used to provide ‘pay and play’ golf, ensuring the courses remain open and accessible to all. Staff from the effected courses would be TUPE transferred to the new provider.
- 1.8 The expected benefit to the Council is that it is able to achieve a nil subsidy on the courses transferred and received income from the new provider. The net gain to the council is estimated to be of at least £110,000 but potentially as much as £214,000.
- 1.9 It is not proposed to transfer Brackenwood Municipal Golf Course, at this time, due to its inclusion in the Open Space Review. However once the Open Space Review is concluded the intention is that this golf course also be transferred to an

alternative provider. The two 'fun courses' (pitch and putt / crazy golf) Kings Parade and Wallasey Beach would not be transferred as there is limited interest in these courses from specialist golf providers and the council believes that these may be developed in order to generate additional income without significant investment.

2.0 OTHER OPTIONS CONSIDERED

2.1 No Change

- 2.1.1 An alternative option is to retain golf courses 'in house.' Whilst the courses have been managed in house in the past few years and have recently undergone a major staffing restructure (Jan 2017), the financial pressures the Council is currently under would mean that significant cuts would have to be made to the service provision. This option was not acceptable to the Council.
- 2.1.2 If the Council continued to operate golf courses it would remain responsible for any future capital expenditure required to maintain them in 'general/average' municipal playing conditions and to provide capital monies for future commercial developments at the sites. The council would need to borrow a significant amount of capital in order to bring the courses up to a reasonable course standard and maintain the existing customer base. Given the increased competition from private golf courses it is by no means certain that the council would recover the investment it makes and increase income as a result of the investment.

2.2 Course Closure

- 2.2.1 The courses could be closed and returned to parkland. While this would reduce the maintenance and operating costs of the golf courses it would close a much valued leisure opportunity to residents. The closure of courses would also lead to staff reductions, possibly through compulsory redundancy, which is not acceptable to the Council. In addition the income currently generated from the golf courses would be lost.
- 2.2.2 There would be further costs for parks and countryside to maintain these courses as parkland. Given that the council currently maintains in excess of 240 separate areas of land across the borough and given that resources have been reduced substantially over the last few years this is not a desirable situation

2.3 Golf Concession Contract

- 2.3.1 The Council has previously explored contracting out the golf service to a specialist provider. Seeking a provider that would run the golf courses at a nil subsidy to the council on the basis that the provider retains any profit it makes from the courses.
- 2.3.2 This option was explored in 2014 and most recently in January 2018 through a soft market test. While there were a number of providers who expressed an interest in the running and operation of the courses most required a long lease to do so. This was far in excess of the length of contract the Council could offer under current regulations and as such, this option is not currently possible.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral benefits currently from 19 private and public golf facilities in Wirral, made up of a number of 18 hole and 9 hole courses, pitch and putt facilities, and a driving range. This level of provision represents significant competition in the golf market locally. The Council runs three 18 hole golf courses, one 9 hole golf course and two 'fun courses' (pitch & putt and Crazy Golf).
- 3.2 Participation in municipal golf in Wirral is in decline and follows a national trend in that people tend to have less disposable leisure time to spend on playing a five or six hour round of golf. Those people that would have traditionally played golf in the past have migrated to a more 'time determined' sport (such as cycling, running, fitness) to fulfil their leisure time demands. Some smaller private member golf clubs are suffering from the same problem and it is noticeable how some 'community' based golf clubs have responded to this problem by reducing membership/joining fees and offering 'pay and play' packages which compete favourably with our existing municipal fees and charges
- 3.3 A number of reviews of Council golf provision have been undertaken in previous years. These have led to a staffing restructure, completed in February 2017, of the front of house golf service at all municipal golf courses. This was one of the main recommendations within the golf consultant's (Mark Smith Ltd) report issued in October 2015 in trying to reflect a modern day, fit for purpose golf service. This involved deleting a number of roles and developing a more generic flexible staffing structure that enables collection of fees from not only the point of sale but also out on the course. In addition this was designed to deflect criticism that the Council was not security conscious and that too many golfers are 'bunking' on the course without paying.
- 3.4 Leisure Services have been working with colleagues in 'Parks and Countryside' to develop a more business style 'client/contractor' relationship. A more structured SLA with bespoke work programmes is being developed to reflect this new arrangement which will also enable us to respond to golfers/customers comments/complaints regarding the course in a more timely fashion. Booking procedures have recently reviewed at each of the municipal courses resulting in more accessible tee times for the public at peak times.
- 3.5 An agronomist's report was commissioned (completed by STRI – April 2017) on the current state and condition of each of the municipal courses and to provide a work programme of required maintenance to rectify any remedial issues. Also commissioned was a condition survey for Arrowe Park and Brackenwood municipal courses to identify capital works required over the short, medium and longer term to keep the courses in a 'general' municipal playing condition. Both of these reports have identified the need for very significant capital expenditure on maintaining the courses.
- 3.6 The Council has previously sought to contract out the golf service. In 2014 as part of a joint approach with Cheshire West and Chester Council and most recently in January 2018 the Council carried out a soft market test to identify the level of interest from specialist golf providers in a concession contract. While a number of providers expressed an interest in operating, investing and maintaining Wirral golf

courses this was on the basis that they are provided with a long lease, something which under concession contract regulations is not possible.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The operational revenue cost of municipal golf in Wirral in the financial year (2018/19) is £255k. The anticipated out-turn for this year is estimated to exceed this budget by about £175k, (making the total operational cost £430k).
- 4.2 The expected benefit to the Council is that it is able to achieve a nil subsidy on the courses transferred and received income from the new provider. The net gain to the council is estimated to be of at least £110,000 but potentially as much as £214,000.

5.0 LEGAL IMPLICATIONS

- 5.1 In order to consider the transfer of public open space the Council is required to advertise its intentions in accordance with Section 123 (2A) of the Local Government Act 1972 in order that members may consider any relevant objections prior to making any decision as to its future.
- 5.2 As the proposal includes land the Council must achieve the best price reasonably obtainable. The transfer of the business would require for it to be appropriately marketed.
- 5.3 Should this proposal proceed the intention is to offer Wirral Golf Courses on a long lease to an alternative provider. A restrictive covenant will be placed on the use of the golf courses that they may only be used as golf courses and that the courses provide 'pay and play' provision. In this way the intention is to safeguard the future development of the golf courses and ensure that they continue to operate. It should be noted that, restrictive covenants on use have the potential to be challenged after a period of 40 years.
- 5.4 Existing service contracts and leases will need to be checked to ensure that they may be transferred to the new provider to avoid a break in service or any breach of contract.
- 5.5 Contracts and licences in relation to IT Equipment and Licences will need to be checked to ensure that they may be transferred to the new provider to avoid a break in service or any breach of contract.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

It is assumed that existing resources will be in place to support the Communications and Engagement, HR, Contract Management, Project Management, Legal and Financial aspects of such a programme of work.

6.1 ICT

- 6.1.1 Golf Courses currently uses a mixture of IT Systems provided by the Council. The new provider would need to replace these systems with their own systems; however this will need careful preparation and planning, embedded into a mobilisation and on boarding schedule to ensure that the service continues without interruption.

Issues regarding data transfer from these systems to the new provider will also need to be considered in line with GDPR.

6.2 Staffing

- 6.2.1 The staff currently working on Wirral golf courses would be TUPE transferred to the new operator on existing terms and conditions. The Council has identified employees whose roles and duties are wholly or at least 50% assigned to the work that is transferring based on job titles, job description and nature of work undertaken.
- 6.2.2 The staffing complement for Arrowe Park and The Warren golf courses comprise 3.44 FTE Golf Advisors and 6 FTE Grounds Maintenance staff; a total of 9.44 FTE.

These are provided to each course on the following basis:-

	Staff Type		
Course	Golf Advisor	Grounds Maintenance	Total
Arrowe Park	1.72 FTE	3.5 FTE	5.22 FTE
Warren	1.72 FTE	2.5 FTE	4.22 FTE
Total	3.44 FTE	6.0 FTE	9.44 FTE

- 6.2.3 A mobilisation and on boarding plan will be developed to ensure the transfer goes as planned with minimal disruption to the business, its customers and employees.
- 6.2.4 A Pensions Actuarial Assessment will need to be undertaken to ensure that the new provider is aware of their pension liability.
- 6.2.5 Wirral Council is committed to following Best Value practice which requires that new transferees become an admission body of the LGPS or offer a broadly comparable scheme certified by the Government Actuaries Department (GAD).
- 6.2.6 Existing staff who contribute to the Local Government Pension Scheme (LGPS) will experience no change as the new operator will become a participant in this scheme.
- 6.2.7 Any employees that are not currently a member of the LGPS pension scheme will retain the right to join the LGPS scheme post transfer.

6.3 Assets

- 6.3.1 The courses would be transferred to the new provider on a long lease arrangement. The freehold would be retained by the Council.
- 6.3.2 Existing lease arrangements by Golf Clubs and concession holders will be transferred to the new provider.

7.0 RELEVANT RISKS

- 7.1 All risks associated with this proposal will be identified and managed in line with the Corporate Risk Management Procedure as part of the project delivery process. Below is a summary of some of the key risks identified and how they will be managed.

Risk	Mitigating Action
If there is insufficient capacity within the sector to take on golf courses resulting in the option becoming unfeasible.	<p>Research the appetite amongst potential providers</p> <p>Soft Market Test identified market interest and their requirements</p>
The Council may lose control of future use of courses under a long lease transfer.	<p>Agree the restrictions over the future use of golf courses as a part of the lease arrangement.</p> <p>Council retains the freehold</p>
Unexpected events and delays in the project timeframe cause project overrun and impact on the ability to complete process within providers business timescale requirements	Ensure early timeline mapping of the procurement process to ensure timeline is known and realistic
Insufficient capacity within the internal team to support projects (e.g. HR to progress TUPE, Legal to advise and develop route to contract award, etc.) may cause delay or limit the benefits of the projects	<p>Identify and communicate resource requirements work stream leads and check that the correct level of expertise is available to produce the products.</p> <p>Identify areas that do not have internal expertise available to produce products and develop case for allocation of project funds for the external resource</p>

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Pre decision consultation will be undertaken in order to identify any relevant objections to this proposal prior to a decision from Cabinet.
- 8.2 There will be consultation requirements associated with the project for staff, Trade Unions, Invigor8 members and stakeholders. A comprehensive communication plan will be developed as part of the project planning process.
- 8.3 Trade Unions have been consulted on this proposal and regular meetings have been scheduled with them.
- 8.4 This proposal will also be a part of the Budget consultation process.

9.0 EQUALITY IMPLICATIONS

Has the potential impact of your proposal(s) been reviewed with regard to equality?

- (a) Yes and impact review is attached – refer hyperlink:

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments/equality-impact-assessments-2017/delivery>

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APPENDICES

REFERENCE MATERIAL

Re-imagining Leisure and Cultural Services – Phase 1 Report (Bates Wells Braithwaite) – March 2017

Exempt Item – Golf Soft Market Test Results (January 2018)

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet: 'Outline Transformation Approach'	21 March 2016
Cabinet: 'Leisure and Cultural Services – future provision of Leisure, Parks, Libraries and Cultural Services'	27 March 2017
Environment Overview and Scrutiny Committee – Call In	19 June 2017