

# WIRRAL COUNCIL

## CABINET

7<sup>TH</sup> JULY 2014

<b>SUBJECT:</b>	<b>TRANSFORMATION OF LEISURE SERVICES AND RESULTS OF SOFT MARKET TESTING OF GOLF COURSES OPERATED BY THE COUNCIL.</b>
<b>WARD/S AFFECTED:</b>	<b>ALL</b>
<b>REPORT OF:</b>	<b>STRATEGIC DIRECTOR FAMILIES AND WELLBEING</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR CHRIS MEADEN</b>
<b>KEY DECISION</b>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report highlights the results of the soft market testing exercise completed in May 2014 which demonstrated interest from specialist golf operators in taking over the management and maintenance of the Wirral golf courses excluding Hoyake Municipal Golf Course. The market response indicates that it is possible to protect the Council's requirement for affordable and accessible "pay and play" golf whilst eliminating Council subsidy, which is currently £330k per annum including course maintenance.
- 1.2 This report seeks approval to progress to the next stage , which involves a more formal procurement process to secure detailed proposals for the granting of a lease and concession agreement for up to 25 years . No final decision or commitment is required at this stage. If approval is given, more detailed engagement with staff, trade unions and other stakeholders will commence.
- 1.3 Other Council's have found that similar arrangements can eliminate subsidy entirely (and in some cases attract a concession income for the Council). Liverpool City Council have achieved this recently and the arrangement will also generate investment in the courses and facilities whilst protecting affordable and accessible pay and play golf for local people.
- 1.4 The market response to the soft market testing indicated that operators will only be willing to take full trading risk if they manage and maintain the courses and operate the golf concession. The standards required for course maintenance will be set out in the formal agreements, but clearly the operators will expect to provide high quality in order to achieve the level of usage they will need for the concession to be viable.

- 1.5 Currently, the Council operates and maintains the following Golf facilities;
- Arrowe Park Golf Course;
  - Hoylake Golf Course (note that this course was excluded from the scope of the market testing)
  - Brackenwood Golf Course;
  - Warren Golf Course,
  - Wallasey Beach mini golf,
  - Arrowe Park pitch and putt, and
  - Kings Parade crazy golf.
- 1.6 The provision of Golf transferred to the Leisure Services section in February 2014 from the Technical Services Department
- 1.7 In order to secure the best possible outcome, officers have worked closely with Cheshire West and Chester Council (CW&C) This collaborative approach is in line with the agreement reached by both authorities to work more closely together. By widening the scope for operators to express interest in specific courses, it has been established that economies of scale are likely to apply when groups of courses can be managed together. That said, the next stage of work will result in specific proposals that may involve one or more operators (if this presents better value).
- 1.8 The current revenue subsidy for Golf course provision is forecasted to be £440.050 in 2014/15. Income has fallen significantly during the last two years across all areas of golf, and the level of subsidy may well increase in the future as usage declines. Significant investment is required simply to maintain roundage at current levels. There is expected to be a £50k minimum increase in golf income this financial year 2014-15 as a result of re-branding the golf package and additional interest generated by the Open Golf tournament at the Royal Liverpool July 2014.
- 1.9 For the purposes of the soft market testing exercise, Hoylake Municipal Golf Course was excluded from the process, as it is thought possible that a local solution may prove better value: and this option needs to be explored separately in the wider context of golf development in Wirral.

## **2.0 BACKGROUND AND KEY ISSUES**

- 2.1 The wider Leisure transformation is progressing and the management of Golf transferred to Leisure Services in February 2014.

In the context of Leisure Services; the Section has been set a target to reduce its costs by £2 million over the next 2 years 2014/2016. The aim remains a more cost effective and efficient Leisure Services Section; one that ensures:

- Leisure Services will be delivered through an efficient and effective service model in line with corporate priorities
- Leisure provision will operate on a considerably reduced financial envelope

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- Leisure Services to be offered which meet the requirements of the Wirral community now and in the future in a sustainable and viable way.

## **2.2 RELEVANT RISKS**

The risks are that if the Council does not decide to implement transformational changes to the golf portfolio; that the major budget reductions attributed to the service over the next two years will not be delivered.

## **3.0 Testing the Market - Soft Market Testing (SMT)**

- 3.1 The soft market exercise was intended to assess the level of interest from potential golf operating partners and to solicit innovative ideas about options for the longer term enhancement of golf across the two Councils.
- 3.2 The terms of any agreement or leasehold interest would be determined if the Council's proceed, and with dialogue the Council's will seek to secure best consideration.
- 3.3 Both Council's made it very clear in the documentation released they are open to exploring innovative ways of structuring any prospective arrangement that delivers best consideration and secures arrangements that deliver mutual benefits. At present Wirral Council maintains its own courses, and carries out the green-keeping.
- 3.4 Seven (7) suppliers completed and returned the market questionnaire with varying levels of interest across both Council's, between full 18 hole golf courses and smaller, pitch and putt courses. Three suppliers have registered a high level of interest in all courses across both Councils.
- 3.5 In Wirral, there is high level of interest in all courses from a range of mid-scale operators, and also a moderate level of interest from large operators. Nearly three quarters of answers across all courses and all suppliers registered some form of interest in one or more courses in the Wirral.

## **4.0 Next stage**

Officers now request that elected members give approval for the commencement of a further stage of work to a more formal procurement exercise .This process of procurement will look to secure detailed proposals for the granting of a lease and concession agreement for up to 25 years . No final decision or commitment is required at this stage. If approval is given, more detailed engagement with staff, trades unions and other stakeholders will commence.

## **5.0 CONSULTATION**

5.1 Consultation has been undertaken with colleagues in procurement and finance.

## **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 There are no detrimental impacts on voluntary, community and faith groups.

## **7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

7.1 The current cost of providing golf provision needs to be reduced significantly. In addition, discussions have been held with the Leader of the Council and the Cabinet Member with responsibility for Leisure ; and the Strategic Director – Families and Wellbeing.

## **8.0 LEGAL IMPLICATIONS**

8.1 This report is based on the structure of delegation

## **9.0 EQUALITIES IMPLICATIONS**

9.1 No implications.

## **10.0 CARBON REDUCTION IMPLICATIONS**

10.1 There are no carbon reduction implications .

## **11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

11.1 Planning permission may be required for any development proposals, but necessary consents and approvals would be secured as part of the further work on these initiatives

## **12.0 RECOMMENDATION/S**

It is recommended that the reasons for the procurement of golf facilities are noted and ratified, and that appropriate reporting mechanisms will be put in place, including a final report to be presented to Elected Members before any award is made. By entering into this next stage of the process, the Council will not be committing themselves to awarding a concession agreement.

## **13.0 REASON/S FOR RECOMMENDATION/S**

13.1 The recommendations are being made as they will enable the Council to meet its aim of ensuring Leisure Services will be delivered through an efficient and effective service model in line with corporate priorities.

Leisure Services will to be offered which meet the requirements of the Wirral community now and in the future in a sustainable and viable way

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**APPENDICES**

*None*

**REFERENCE MATERIAL**

*None*

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet September 2013 Leisure Transformation report</b>	

# Equality Impact Toolkit (new version February 2012)

**Section 1:      Your details**

Council officer:

Email address:

Head of Service:

Chief Officer:

Department:

Date:

**Section 2:      What Council function / proposal is being assessed?****Section 2b:      Is this EIA being submitted to Cabinet or Overview & Scrutiny Committee?**

Yes / No

If 'yes' please state which meeting and what date

.....

And please add hyperlink to your published EIA on the Council's website

.....

**Section 3: Will the Council function / proposal affect equality in .....? (please tick relevant boxes)**

- Services**
- The workforce**
- Communities**
- Other** (please state)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4: Within the Equality Duty 2010, there are 3 legal requirements. Will the Council function / proposal support the way the Council .....(please tick relevant boxes)**

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 5:** Will the function / proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any negative impact.

Protected characteristic	Positive or negative impact	Action required to mitigate any negative impact	Lead person	Timescale	Resource implications

**Section 5a:** Where and how will the above actions be monitored?

**Section 5b:** If you think there is no negative impact, what is your reasoning behind this?

**Section 6:**      **What research / data / information have you used in support of this process?**

**Section 7:**      **Are you intending to carry out any consultation with regard to this Council function / policy?**

**Yes / No** – (please delete as appropriate)

**If 'yes' please continue to section 8.**

**If 'no' please state your reason(s) why:**

(please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 8:**      **How will consultation take place?**

Before you complete your consultation, please email your 'incomplete' EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for re-publishing.

**Section 9:** Have you remembered to:

- a) Add a hyperlink to your published EIA on the Council website? (section 2b)
- b) Include any positive impacts as well as negative impacts? (section 5)
- c) Send this EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer?
- d) Review section 5 once consultation has taken place and sent your completed EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer for re-publishing?

*Before you finalise this report, please delete section 9*