

EAST AYRSHIRE COUNCIL

CABINET – 29 June 2011

REVIEW OF GOLF SERVICES

Report by Depute Chief Executive / Executive Director of Neighbourhood Services

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval for recommendations to reconfigure the Council's Golf Services and reduce the service's running costs.

2. BACKGROUND

- 2.1 In 2009 a review of the Council's Golf Services was commissioned, while the findings of this review were valuable the budget challenges that now face the Council have required additional analysis of the golf service and the development of updated recommendations for the future of the service to assist in meeting the service efficiency and savings targets implemented across the Council.

3. EAST AYRSHIRE COUNCIL'S GOLF SERVICES

- 3.1 The Council provides golf facilities at three locations: Annanhill; Caprington; and Patna, details of each facility are outlined below.
- 3.2 Caprington Golf Course has both 18 hole and 9 hole courses, and a clubhouse which is owned and managed by Caprington Golf Club. The Council owns adjacent facilities including a starters office with locker rooms which are hired out to users of the golf club and showers and toilet facilities and leases the ground for the courses from Captain R.W. Fergusson –Cunninghame in terms of a forty year lease which terminates in 2015. In September 2005, the Council's Community Services Committee agreed, in principle, to assign the Council's interest in the lease to Caprington Golf Club to allow them to work with the landowner and a housing developer to construct a new 18 hole course if housing development was permitted on the site under the updated local plan. The revised local plan now allocates part of the golf course ground for housing development, and the club's proposals could now be taken forward. Maps showing the Golf Course and the area allocated for housing are shown as Appendices 2 and 3.
- 3.3 Annanhill Golf Course is an 18 hole course owned by the Council. Annanhill Golf Club, the resident club, leases the club house from the Council and this lease terminates in 2028.

3.4 Doon Valley Golf Course in Patna is a 9 hole course on land which the Council leases from a local farmer, this lease is due to terminate in 2019. The Patna Golf Club lease the clubhouse facility from the Council.

4. 2010 REVIEW OF GOLF SERVICES BY PMPGENESIS

4.1 The purpose of the review commissioned by the Council in 2009 and carried out by Pmpgenesis Ltd, following a procurement process, was to:

- Set East Ayrshire's golf provision in the context of regional and national provision;
- Make recommendations as to the future direction of the Council's Golf Services.
- Identify options to meet the savings target of £50,000 for 2010/11.

4.2 In carrying out the review, Pmpgenesis consulted with Council staff, other Councils, local golf clubs, and national bodies. A copy of the report is available on the Members' Portal. Details of the Pmpgenesis commission are attached as Appendix 1.

4.3 The key national themes identified in the review are:

- There is a major national drive to increase participation in all sports by 2020;
- The majority of golf clubs, both private and municipal, have membership vacancies;
- Adult golf participation has been relatively stable although there is a decline in junior membership;
- There is an upward trend in green fees although more courses provide concessionary fees;
- There has been a national decline in municipal club membership of 12% in the last year compared with 1.6% for private clubs;
- Clubs with revenue of less than £100k per annum have seen the highest fall in income.

4.4 Pmpgenesis's review of the local golf market in 2009/10 identified the following key findings:

- There are 28 golf courses with a 20 minute drive time catchment of the East Ayrshire Council courses;
- The average peak time green fee for 18 holes across this catchment in 2009 was £45, however, prices range from £9 to £165 underlining the wide range of courses available. If the five courses with green fees above £95 are removed from this analysis, to provide a more meaningful comparison, the average peak fee falls to £30 which is above the national average of £20; Charges have risen slightly since 2009/10 however the range of charges has remained the same. Many courses now have special offers, with lower charges to attract increased trade.
- Several clubs require a joining fee; however, in some cases this has recently been reduced, while others have capacity for new members and are offering incentives to attract new members.

Since the review was completed, the new Championship Course at Rowallan has opened adding a further course to the local market. Introductory green fees have been set at competitive prices.

4.5 The key local themes identified in the review, examining the local strategic context and demographic analysis of season ticket holders at the Council's golf courses are:

- 97% plus of season ticket holders are East Ayrshire residents;
- It is recognised that a significant number of East Ayrshire residents are members of clubs outside the Council area; however, there are very few season ticket holders from outside East Ayrshire;
- Pricing policy and the promotion of access to courses must be considered in the context of high deprivation in key catchment areas; increasing charges will reduce access to courses in high deprivation areas;
- Season ticket sales and rounds play have declined across all courses in line with national trends;
- Most income is generated from ticket sales and a fall in income has a direct impact on the overall subsidy required.
- A full operational review of the Council's courses is included in Section 6 of the Pmpgenesis report.
- The subsidy per recorded round has been calculated as follows:

	2008/09	2010/11
Annanhill	£3.45	£3.52
Caprington	£5.50	£4.65
Doon Valley	£19.83	£27.82

This figure does not represent a realistic comparison of costs per round played as not all rounds played at Doon Valley are recorded as the course operates without a starter present for significant periods, if all rounds played were recorded the subsidy per round would be significantly reduced.

4.6 The main local findings from the consultation exercises with local golf clubs and national bodies undertaken are:

- The season ticket is good value for money;
- Drainage is poor at all courses;
- Practice and visitor facilities are limited;
- There has been some migration of members from municipal courses to private clubs.

4.7 Following on from the detailed research phase, a series of options for future golf service provision were considered at a workshop with Council officers. These options included course closures, transfer of responsibility for courses to clubs, monitoring the status quo, forming a pan-Ayrshire municipal golf trust, and undertaking a major capital investment programme while retaining Council management of all courses. Each option was considered in terms of its Description,

Rationale, Implications, Resources and Implementation. The options were also scored in terms of how possible/realistic they would be to deliver. The options are explained in section 7, and developed in sections 8, 9, 10 and 11, of the Pmpgenesis report

4.8 Following detailed evaluation of these options, four were considered to be the most suitable for further examination i.e:

- A. Closure of all courses;
- B. Assignment of the Council's interest in Caprington Golf Course to Caprington Golf Club with reducing subsidy and upgrade of Annanhill Golf Course by the Council;
- C. Kilmarnock Golf Hub at Annanhill with improved playing facilities and including clubhouse, a 9 hole par 3 course and driving range, and withdrawal from Caprington Golf Course, with no ongoing subsidy;
- D. Pan Ayrshire model working with North and South Ayrshire.

In addition to the four main options, operational cost savings at the Doon Valley Course would also be implemented to reduce the overall course subsidy.

4.9 These options were considered against the requirement to save £50,000 per year in the cost of operating the Council's golf service. The full analysis of these options is contained in section 8 of the Pmpgenesis Review report. In summary:-

- Option A scored poorly in terms of implementation and impact on key themes, however, low capital costs and high revenue savings mean that the option scores highly in terms of financial impact.
- Option B scored highly in terms of deliverability as Caprington Golf Club have reiterated their interest in taking responsibility for the course. Annanhill would require capital investment in clubhouse and course improvements.
- Option C offered the best option for the development of golf in the Kilmarnock area, however, significant capital funding would be required to improve course and clubhouse facilities at Annanhill and provide new amenities such as a driving range, practice facilities and a 9 hole par 3 course.
- Option D was considered difficult to deliver in the short term, but aspects of the option such as joint marketing may be possible immediately.

4.10 Having considered all the identified options, and factoring in the revenue savings requirement and the potential difficulty in securing significant capital funds for the Kilmarnock Golf Hub option, Option B Assignment of the Council's interest in Caprington Golf Course to Caprington Golf Club and limited course drainage improvements at Annanhill Golf Course was selected as the most effective option.

5. FURTHER REVIEW OF GOLF SERVICES

5.1 In response to concerns regarding the cost of operating the Council's Golf Service and the need to identify further efficiency savings, the options in the Pmpgenesis report were recently re-examined and more appropriate recommendations developed for the future of the golf service.

5.2 The target saving of £50,000 from the Golf Service was not met in 2010/11; however, additional savings in other areas of the Outdoor Amenity Services were made to compensate, this situation will continue through 2011/12. In the 2011/12 budget, savings in expenditure on golf totalling £23,069.00 were agreed. This was achieved by the removal of the seasonal Golf Ranger saving £10,618.00 and the restructure of staff at the Doon Valley Starters Office, resulting in a saving of £12,451.00. Charges for golf are adjusted annually by Cabinet.

5.3 Uptake of the service in 2010/11 has continued to give cause for concern. Performance for the financial years 2007/08 to 2010/11 can be summarised as follows:

Golf Service Rounds/Sales 2010/11

Item	2007/08	2008/09	2009/10	2010/11
Paid Rounds	16659	10077	11399	10361
Round Ticket Income	143383 (net)	97063 (net)	108048 (net)	101795 (net)
Season Ticket Sales	1182	1114	1033	972
Season Ticket Income	170998 (net)	171352 (net)	158236 (net)	146049
Total Rounds Played	71025	59592	57795	54530

Golf Service Out-Turn 2010/11

	Annanhill	Caprington	Patna	Total
Employee Costs	122,711.18	142,564.12	54,139.67	319,414.97
Premises	7,427.21	23,803.82	7,957.79	39,188.82
Transport	3,801.99	4,567.70	547.12	8,916.81
Supplies & Services	9,189.76	13,430.27	4,103.58	26,723.61
Central Support	55,349.71	83,024.56	27,674.85	166,049.12
Expenditure	198,479.85	267,390.47	94,423.01	560,293.33
Income	- 119,703.90	- 131,972.13	- 11,322.77	- 262,998.80
Net Expenditure	78,775.95	135,418.34	83,100.24	297,294.53
Number of Rounds	22,405	29,138	2,987	54,530

Central Support charges cover Legal, Finance, HR cost allocations and are accounted for at financial year end.

Subsidy per Round

	2008/2009	2010/11
Annanhill	£3.45	£3.52
Caprington	£5.50	£4.65
Patna	£19.83	£27.82

- 5.4 As part of the 2011/12 budget process, meetings were held with Committee representatives from the three resident golf clubs, Doon Valley Golf Club, Caprington Golf Club and Annanhill Golf Club to discuss the future of golf provision and the potential role of the clubs in their management. At each meeting the club representatives were advised of the Council's financial position and the need to identify ways to reduce the costs of municipal golf provision in East Ayrshire.
- 5.5 Doon Valley Golf Club is a relatively small club which leases and manages the clubhouse bar at the course. The Club are keen to become more involved in aspects of managing the course; however, they are not in a position to take full responsibility for the facilities. An agreement with the club to take a greater role in general management issues would enable running costs to be reduced but the club is not in a position to take full responsibility for or ownership of the course; this seems feasible with the Club Committee willing to become more involved in course management.
- 5.6 Caprington Golf Club has previously indicated its ambition to take full responsibility for a revised Caprington Golf Course which would potentially be developed in conjunction with new housing which may be constructed on part of the existing golf course site which the Council currently leases from the landowner. While timescales for this development cannot be confirmed, transferring full responsibility for golf at Caprington to Caprington Golf Club is a viable option for the future and would enable the Council to reduce its costs. The Club have indicated that they would require financial assistance to support the operation of the new course but this could be on a reducing basis for the first few years of the new facility.
- 5.7 Annanhill Golf Club has indicated that falling membership has necessitated a review of the Club's finances and a sustainable financial plan is currently being developed. The Club lease the bar and club facilities at Annanhill Golf Club from the Council but do not take an active role in managing the course. The Club are not in a position to take on additional responsibilities or take ownership of the golf facilities at Annanhill.
- 5.8 The continued fall in attendances comes despite efforts to promote and develop golf for younger players.

The East Ayrshire Junior Golf Partnership (EAJGP) was established in 2010 with the sole purpose of developing junior golf in East Ayrshire. The EAJGP consists of representatives from the following; Loudoun Gowlf Club; Annanhill Golf Club, Caprington Golf Club; Doon Valley Golf Club, Ballochmyle Golf Club; Ayrshire Golf;

Land o Burns; Clubgolf Scotland; East Ayrshire Council Leisure Development; East Ayrshire Educational and Social Services.

The EAJP provides an integrated framework for junior golf across East Ayrshire and provides opportunities to children and young people to receive an introduction to golf both in an educational and community environment. EAJGP has devised a work programme which is designed to drive forward golf within the authority to increase participation and develop a strong infrastructure for golf. This programme links to local and national aims and objectives from Clubgolf Scotland. To date, the EAJGP has received funding and support from the East Ayrshire Sports Council including event grants to help support opportunities to children and young people to participate in golf during the holiday period. In addition to this, the group has also received coach education funding with members of the group and local golf clubs attending Level 1 Coach Golf Course and child protection specific training.

6. FINANCIAL IMPLICATIONS

- 6.1 The purpose of the review of Golf Services and subsequent additional analysis was to identify effective methods of reducing the overall running costs of the service.
- 6.2 At Annanhill, no major financial savings are proposed from this review; however management will continue to seek ways of reducing operating costs and increasing income. The Annanhill Course has significant potential and opportunities for partnerships with golf operators will also be investigated as market conditions allow. Plans to remove the overhead power lines and pylons will be implemented in late 2011 and this will improve playing conditions and the visual appearance of the course.
- 6.3 At Caprington, transfer of responsibility for the courses to Caprington Golf Club could generate significant savings and lead to no costs being incurred by the Council; however, the phasing of any savings would be dependent on negotiations with both the Golf Club and the landowner. In 2015, when the current lease terminates the Council would have the option to terminate the lease regardless of any negotiations with the Golf Club. It may be however at that stage that the land owner will not offer the land for lease. It is proposed that a reducing level of subsidy is offered to Caprington Golf Club with the Club taking over with the consent of the landlord the Council's interest in the lease from April 2012. For 2012/13, a grant of £50,000 is proposed reducing to £25,000 in 2013/14 followed by no further financial assistance from April 2014. This would represent a saving of around £10,000 in 2012/13 and £35,000 in 2013/14.
- 6.4 At the Doon Valley Golf Course the voluntary involvement of Club members will allow savings of £4,000 per year to be made subject to an appropriate agreement being reached. This is in addition to the savings already agreed in the 2011/12 budget process. It is unlikely that further savings would be possible through voluntary input and income levels are unlikely to increase, however operation of the

Course will continue to be kept under review in conjunction with Doon Valley Golf club members.

7. COMMUNITY PLANNING/POLICY IMPLICATIONS

- 7.1 The local and national strategic context of the review is detailed in the Pmpgenesis report. Provision of golf services supports the theme of improving health and wellbeing in both the Single Outcome Agreement and the Community Plan. The East Ayrshire Leisure and Culture Strategy refers to maintenance of golf courses to a high standard and the provision of access to golf courses via concessionary fees, however the affordability of the golf service is a major issue for the Council. The proposals for the Golf Service in this report have no impact on the draft Ayrshire and Arran Tourism Strategy elsewhere on this agenda.

8. LEGAL IMPLICATIONS

- 8.1 Negotiations to assign the Council's interest in the current lease at Caprington to Caprington Golf Club would need to take place if this option was approved. The current lease terminates in 2015 and the landowner may wish at that stage to consider a range of alternative options for the land.
- 8.2 If responsibility for the Golf Course was to transfer to Caprington Golf Club a transfer of staff, under the TUPE regulations may be required, details of the posts potentially involved in a transfer have been circulated to group leaders, in confidence.

9. CONCLUSIONS

- 9.1 The Review of Golf Services report provides a comprehensive overview of the national and local golf markets, the current performance of the Council's golf courses, feedback from stakeholder consultation, a thorough option appraisal and recommendations which were intended to assist with meeting the revenue budget reduction target of £50,000 in 2010/11. This work has now been updated to reflect the requirements of the Councils budget challenges.
- 9.2 Having discussed the ongoing financial issues with the host clubs at the Council's golf courses it was concluded that the transfer of Caprington Golf Course to Caprington Golf Club should go ahead; greater voluntary input from Patna Golf Club should be encourage and kept under review to allow the Club time to implement changes.

10. RECOMMENDATIONS

- 10.1 It is recommended that the Cabinet:
- (i) Approves subject to landlord's consent the assignation of the Council's interest in the lease of Caprington Golf Course to Caprington Golf Club with

- effect from 1st April 2012 with grant funding of £50,000 available in 2012/13 and £25,000 available in 2013/14;
- (ii) remit to the Executive Director of Finance and Corporate Support to negotiate and conclude agreements with Caprington Golf Club and the landowner to support the proposed assignation
 - (iii) remit to the Depute Chief Executive/Director of Neighbourhood Services to negotiate and conclude agreement subject to (ii) above with Caprington Golf Club terms and conditions in respect of the proposed grant funding
 - (iv) remit to the Solicitor to the Council subject to (ii) and (iii) above to conclude all necessary legal agreements to finalise the assignation and terms and conditions of grant
 - (v) agrees to allow Patna Golf Club to increase their voluntary involvement in managing the Doon Valley Golf Course ;
 - (vi) remit to the Depute Chief Executive/Executive Director Neighbourhood Services to keep the situation at Annanhill Golf Course under review; and
 - (iv) otherwise note the content of this report

Elizabeth Morton
Depute Chief Executive/Executive Director of Neighbourhood Services

EM/JAG/RMcC/AF
21 June 2011

LIST OF BACKGROUND PAPERS

East Ayrshire: Review of Golf Services A Final Report by Pmpgenesis 18-01-10

Implementation officer – john.griffiths@east-ayrshire.gov.uk

Appendix 1

Head of Legal, Procurement & Regulatory Services

Solicitor to the Council: David Mitchell

Council Headquarters, London Road, Kilmarnock KA3 7BU

Legal Post – LP 18

Direct Dial: (01563) 576231 Fax: (01563) 576179

E mail: kathleen.jones@east-ayrshire.gov.uk

If telephoning or calling please ask for: Kathleen Jones

Our Ref: PS/09/41

5 October 2009

PMP Genesis Ltd
22 Newton Place
Glasgow
G3

Attn: Brian Porteous

Dear Sirs

CONTRACT: REVIEW OF GOLF SERVICES

On behalf of East Ayrshire Council, I hereby accept your offer dated 12 August 2009 for the above contract, for the amount as stated in the Form of Tender of £13,493 plus expenses (capped at 10% of the total amount), all at the terms detailed in the tender documents.

For the purpose of the contractual arrangements, the contract start date is the date of this letter. The actual commencement of the contract will be by mutual agreement.

I request that you contact John Griffiths (tel. 01563 578179) to discuss the commencement of the contract. Copies of the contract documents will be given to you at the meeting for your records.

Please acknowledge receipt of this letter.



Yours faithfully

David Mitchell
Head of Legal, Procurement & Regulatory Services

cc. Graham Michie, Contract Audit
John Griffiths, Leisure Services
Kathleen Jones, Procurement





<p>Title/Location: Local Plan Housing Site - 320H Caprington, Kilmarnock</p> <p>Grid Reference: 241919 635758</p>	<p>East Ayrshire Council Department of Neighbourhood Services Planning & Economic Development Service. 6 Croft Street Kilmarnock KA1 1JB</p> <p>Tel: (01563) 576790 Fax: (01563) 576774 E-Mail : Planning@east-ayrshire.gov.uk</p> 
<p>SITE</p> 	

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