

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

29th Sept 2010

MANAGEMENT OPTIONS APPRAISAL FOR PITCHEROAK GOLF COURSE

Relevant Portfolio Holder	Councillor Gay Hopkins
Relevant Head of Service	John Godwin

1. SUMMARY OF PROPOSALS

The following report outlines the performance of the 18 month trial operating arrangements for proposals for Pitcheroak Golf Course with the Hereford and Worcestershire Golf Partnership, and offers some proposals for the future Management arrangements at Pitcheroak Golf Course.

2. RECOMMENDATIONS

The Committee is asked to **RESOLVE** that

- 1) the contents of the report be noted; and
- 2) Members consider the following options and determine which option to **RECOMMEND**:-
 - a) Option 1 - To extend the arrangement with the Worcestershire Golf Partnership for a further 12 month period to work up a medium/long term operating solution, to commence negotiations immediately; and

carryout a service review of the non-golf directly related elements of the operation;

OR
 - b) Option 2 - Advertise in the wider market for the management of the Golf Course;

OR
 - c) Option 3 - To bring the management of the course back in house to Redditch Borough Council Leisure and Cultural Services

3. BACKGROUND

- 3.1 As part of the 2008/09 Budget Strategy Offers were charged to with closing the Pitcheroak Golf Course. After working with members an alternative

**EXECUTIVE
COMMITTEE**

29th Sept 2010

management arrangement for the course was investigated and implemented for an 18 month trial period with the Herefordshire and Worcestershire Golf Partnership (H&WGP).

- 3.2 As a result of the alternative management operational partnership the incumbent Golf Professional took voluntary redundancy and the current caterer's term was extended until the 31/09/2010 to accommodate the trial.
- 3.3 The catering and bar franchise was due to be re-tendered prior to the commencement of the trial operating period of the H&WGP. The decision was taken to extend the current operators term until the partnership could be evaluated.

4. KEY ISSUES

- 4.1 The following information is a review of the performance of the Herefordshire & Worcestershire County Golf Partnership from 11/05/2009 to 31/09/2010 compared to the previous "in-house" operating period of 01/04/2008 to 31/03/2009.

18 months Partnership Performance in Comparison to the National Context

- 4.2 The following data sources have been used to support the information supplied below: Redditch Borough Council, Sports Marketing Research, European Golf Union, Birmingham City Council and Herefordshire and Worcestershire Golf Partnership.
- 4.3 The national average throughout the country is showing an 8% reduction in golf club memberships. At Pitcheroak there were 62 members of Kingfisher Golf Club (resident club) in 2009, and this has now increased to 260 (419% increase) in 2010. This is higher than the average membership for all public and private courses Worcestershire (average figure of 250 members).
- 4.4 30% (67) of members at Pitcheroak are under the age of 30 years, compared to the Midlands and National average of 11% for each courses total user group. This is a key statistic for the future development of the sport. Prior to the new management arrangements only 5% 4 of Pitcheroak users were under the age of 30 years.
- 4.5 The partnership is working in all 39 local schools and is actively engaging 780 children in golf. Prior to the new management arrangements only 5 local schools were actively delivering golf to a maximum of 100 school

**EXECUTIVE
COMMITTEE**

29th Sept 2010

children. The aim of the partnership is work with the established school groups to deliver clear player pathways to the resident Kingfisher Club to establish them as regular players.

- 4.6 The total number of rounds of golf played for 2009/10 increased by 13% (15,037 rounds) compared to a national decrease of -1%.
- 4.7 The club ran two free of charge open days in 2010 which yielded 87 new members contributing to the figure above
- 4.8 From a starting position of 2 junior members in 2009 the partnership has increased this number to 30, with 6 (20%) of these being girls, which is above the average club membership figure of 2.5% for Worcestershire.

Future Options for Pitcheroak Golf Course

Option 1 - Extension of current arrangements for a further 18 month period

- 4.9 The current arrangement has seen a consistent increase in income and usage compared to the “in-house” provision of 2008/09. However the ambitious income targets set have not been achieved. This can be attributed a falling National market for golf and the direct impact that the weather has on use.
- 4.10 Re-tendering of the café and bar would need to be undertaken with the emphasis on increasing rental income and providing a complementary service that supports the Partnerships Developments aspirations.
- 4.11 The completion of a service review for the whole service would yield some further operational savings, although these can not be specifically determined at this time.
- 4.12 A new Service Level Agreement would need to drawn up to accommodate any new operation.

Option 2 - Full Open Market Procurement for Pitcheroak Golf Course

- 4.13 A full and open procurement exercise would require an extension to the current arrangements to allow a full procurement exercise to be undertaken.
- 4.14 Full market testing has the potential to yield significant savings. However the overall potential savings can not be determined at this time as a full

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

29th Sept 2010

operational specification would dictate the level of financial commitment required from Redditch Borough Council.

- 4.15 An independent service provider would require a minimum of a five year term. Redditch Borough Council would require a Full Repairing Lease on the building and grounds, with a complementary Management Operational Contract.
- 4.16 A residual cost of approximately £31k would remain with the Council in relation to support service and capital costs.

Option 3 - Revert the Service Back to an In-House Service Provision

- 4.17 In-house provision would increase the service deficit by approximately £40k per annum.
- 4.18 An in-house service provision would be unlikely to sustain the level of development which is currently provided as was the case prior to the existing trial.

5. FINANCIAL IMPLICATIONS

The financial position over the last 2 years is as follows;

	2008/9 Actual^a	2009/10 Actual^b	2010/11 Budget^c
	£'000	£'000	£'000
Expenditure/Costs^d	192	218	199
Income^e	:77	87	121
Deficit	115	131	79

Notes to Table:

a) 2008/09

During 2008/09 the service was provided 100% in house by the Council. Expenditure included the cost of service provision including all directly employed staff, premise costs and other support provided to the course by our officers.

**EXECUTIVE
COMMITTEE**

29th Sept 2010

b) 2009/10.

During 2009/10 the new management arrangements were implemented in September 2009 and the costs include the redundancy payments made (£17k) to staff.

c) 2010/11

The budget for 2010/11 reflects minimal staffing provision (£6k - cleaners) employed direct by the Council. In addition there are significant premise costs that are the responsibility of the Borough.

d) Expenditure

The expenditure for the service includes all costs relating to staff employed by the Council, landscaping, business rates and energy costs together with the professional management fees paid and other support services provided by Council officers to the service.

e) Income

The income targets have not been achieved for the last 3 years due to a number of issues including; course closure days resulting from extreme weather conditions and a general downturn in this leisure activity. The course suffered the worst winter weather conditions for 30 years. It is anticipated that the actual income for 2010/11 will be £100k and therefore show a shortfall of £21k to the income target.

6. LEGAL IMPLICATIONS

There are no specific legal implications other than normal property and employment related legislation.

7. POLICY IMPLICATIONS

It is viewed that whatever option is recommended it will be viewed as a "key decision" and will require consideration by full council.

8. COUNCIL OBJECTIVES

The Council's objectives are underpinned by the aim of being a "well managed organisation".

EXECUTIVE COMMITTEE

29th Sept 2010

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

There is a sustainability issue if the Option 3 is the preferred choice. Options 1 and 2 provide no adverse impact on Risk or Health and Safety grounds.

10. CUSTOMER IMPLICATIONS

All Options provide no adverse impact on customers.

11. EQUALITIES AND DIVERSITY IMPLICATIONS

There are no equalities and diversity implications in this report.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

12.1 Option 1 – It is expected that the service review will provide greater value for money. There are no Asset Management implications. In addition there would have to be clarification on the procurement process for a long term solution.

12.2 Option 2 - Value for Money would be determined by the content of lease.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

There are no climate change, carbon implication and biodiversity implications in this report

14. HUMAN RESOURCES IMPLICATIONS

Option 3: Will require Redditch Borough Council to carry out a service review and provide a new staffing structure to meet the operational and service needs of running the day to day operation of the course.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

15.1 Option 1: A more robust number of performance measures/ indicators should be built into any future management agreement and these should be measured on a quarterly frequency and monitored as part of the Councils Client Management responsibility. These should adopt a balanced scorecard approach and contribute to the

**EXECUTIVE
COMMITTEE**

29th Sept 2010

Council Corporate Indicators, as well as the department's indicators.

15.2 Option 2: As per option 1.

15.3 Option 3: Same as option 1, but in house responsibility

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

There are no current issues however this position would need to be re-assessed if there was no on-site operator. Consideration would include some minor works to the perimeter of the ground, Shuttering of external windows, doors etc. and procurement of a security monitoring service for the facility.

17. HEALTH INEQUALITIES IMPLICATIONS

There are no Health inequality implications in this report.

18. LESSONS LEARNT

N/A.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

There have been no additional stakeholder engagement in the concerning the options outlined in this report.

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

29th Sept 2010

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	
Chief Executive	
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	
Executive Director – Planning & Regeneration, Regulatory and Housing Services	
Director of Policy, Performance and Partnerships	
Head of Service	
Head of Resources	
Head of Legal, Equalities & Democratic Services	
Corporate Procurement Team	

21. WARDS AFFECTED

All Wards

22. APPENDICES

N/A

23. BACKGROUND PAPERS

N/A

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

29th Sept 2010

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