

THURSDAY, 11<sup>TH</sup> SEPTEMBER 2014

## REPORT OF THE PORTFOLIO HOLDER FOR ECONOMY AND EDUCATION

## OPERATIONAL AND FINANCIAL PERFORMANCE UPDATE TAMWORTH GOLF COURSE

## EXEMPT INFORMATION

None

## PURPOSE

To update Cabinet on the operational and financial performance of Tamworth Golf Course and to endorse the recommendation to close the course on the 1<sup>st</sup> of October 2014.

## RECOMMENDATIONS

- 1. That Tamworth Golf Course is closed from the 1<sup>st</sup> of October 2014 and Cabinet authorises, 1. the Director Communities Planning and Partnerships to make the appropriate arrangements for closing the service, and 2. the Director Assets & Environment make arrangements for the cessation of the current grounds management activities and to implement a minimal routine maintenance programme**
- 2. That annual green fee members are issued with a pro- rata refund**

## EXECUTIVE SUMMARY

In January 2014 Cabinet approved plans to progress the re-development of the golf course for much needed housing while retaining areas for parkland and with the potential to invest some of the capital receipt into leisure and regeneration schemes. Cabinet agreed to close the course in March 2015 subject to reasonable customer demand in 2014. The following report updates members on the operational management of the course and the current and forecast financial position.

**Green keeping and club house**

The council completed the outstanding landscaping works quickly and embarked on a programme of regular maintenance and improvement works. A summary is listed below:

- Completion of the outstanding landscaping and on-going maintenance of bunds.
- Improved bunker maintenance (importing of sand etc)
- Full and comprehensive programme of greens renovation in autumn 2013 & Further works in spring 2014, supplemented by appropriate disease control and fertiliser / selective herbicide application.
- Re-profiling of fairways during winter period of 2013/14, including the removal of encroaching shrubs/bramble etc
- Clearance of dense undergrowth throughout the heavy rough areas, particularly on the front 9. Essentially bringing these areas back into play after a number of years.
- Introduction of suitable irrigation operations.
- Numerous trees lifted to improve play and access.

Through the excellent work of the Greenkeeping team (part of the StreetScene Service) the condition of the course has improved over the last 18 months and is in the best condition it has been for many years.

The Council also completed works to the clubhouse to re-open the shop, function room,

toilets and changing rooms. The bar area was not reopened due to capital and revenue cost implications.

### **Marketing and promotion**

Since opening the course the council has used a variety of marketing and promotional tools to attract customers including;

- Local Newspapers – A number of press releases as well as A4 and A5 adverts which have included information on membership offers, prices, seasonal offers
- Local Tourism guide – Full page advert including buy one round get one free offer (18 hole only)
- Regional Newspapers- Adverts have been placed in both the Nuneaton Tribune and Sutton Coldfield Observer
- National Press – Golf Today magazine ran a story about the re-opening of the course including membership prices and new contact details
- Posters and Leaflets- These have been distributed in a variety of places including the TIC, Ventura Park, Marmion House, Whittington barracks, local businesses and motorway service stations within the region.
- New website – Our internal Communications team set up a new, easy to use website for the course which included opening times, prices and contact details.
- Groupon – We have ran two offers through groupon with the idea of filling the course at quieter times with either golfers new to the sport or people wanting to play the course from other areas/demographics. These offers have typically expired at peak season with the intention of secondary visits/memberships.
- Radio interviews with TCR FM to promote the facility
- Active Tamworth – During the children's summer holiday activities we offered FREE golf to all under 16's with the hope of youngsters taking part in the sport without any cost implications and thus thinking about taking up one of the junior memberships at a later date.
- Social Media – The course has its own Facebook and Twitter page, both being updated on a regular basis.

### **Staffing**

Operating the golf course has required the Community Leisure staff to provide; management oversight, supervisory support and hands on operational cover. This continues to impact significantly on the team's ability to deliver other initiatives.

In order to staff the course seven posts were recruited to in 2013 based on temporary two year contracts. Since the decision to close the course and re-develop the site there has been an understandable and expected increase in staff turnover. Consequently a significant proportion of staff are now employed through an agency. This has proved to be the most effective way of ensuring cover. The course is staffed by positive, dedicated and customer friendly staff who have received complimentary customer feedback. The shop has been open based on our seasonal opening times.

Winter (October-March): 9am - 4pm

Summer (April-October): 6am - 7pm

### **Membership and income**

The course was re-opened by the Council on a value golf basis with low prices to attract back golfers and encourage new customers. The low prices were also set in recognition of the quality of the course and the club house. In 2013/14 there were 257 annual green fee members in 2014/15 this number has dropped to 171. A reduction in numbers was to be expected given the Council's decision to close the course in March 2015, subject to demand in the remainder of 2014. It was possible however that the reduction in green fees might be offset by an increase in the number of pay and play customers but this has not been the case. The number of pay and play customer has also fallen against last year, appendix 1 provides a comparison. Current financial forecasts for the service suggest that the Council will under recover significantly on its income targets and should consider an early closure. A letter was sent to customers advising of this risk during the sign up of annual memberships in

the spring a copy is attached in appendix 2. Three closure dates have been identified and financially modelled.

## OPTIONS CONSIDERED

### 1. Closed as of 1<sup>st</sup> October 2014

If the Council choose to close the course on the 1<sup>st</sup> of October 2014 it would offset the reduced income through savings in staff and other costs. Closing the course in October would also tie in well with the end of the financial quarter and the start of the winter season. In the previous year the number of people playing the course reduced sharply from October until picking up again in March. Annual green fee members would be provided with a pro rata refund and the Council would look to broker deals on Membership with other local clubs. Provisional costs for securing the club house, providing signage and restricting access to the car park are included in the financial model. Closing on the 1<sup>st</sup> of October would free up Community Leisure team resources earlier than for option 2 and 3 and alleviate the current staff retention issues earlier than option 2 and 3. Customers will be advised of the proposed closure by letter.

### 2. Closed as of 1<sup>st</sup> January 2015

Should the course close in January 2015 then the Council would incur an additional cost above the set subsidy for the course. It is likely that signalling a closure in January 2015 but with a relatively long lead in time would exacerbate staff retention and operational management issues. Other aspects of the closure are as per option 1.

### 3. Closed as of 1<sup>st</sup> April 2015

If the Council selects to maintain the currently planned closure date it will incur significant additional costs which will have a detrimental effect on other services in year as spend elsewhere is restricted to alleviate the overspend at the course. Further to this there is a negative impact on the Councils Medium Term Financial Strategy. Otherwise as option 1.

In all cases it is proposed that the course be closed and not available for public use.

## RESOURCE IMPLICATIONS

The financial modelling is based on estimates using previous and current trends up to the last day of operation. A £5,000 cost is included in the figures for the 2015/16 maintenance cost; this is based on a cycle of light mowing on the fairway areas. This sum will be reserved at year end to cover the 2015/16 maintenance cost.

Closure	Forecast Costs £	Annual Budget £	(Underspend)/Overspend £
30th September 2014	127,850	135,810	(7,960)
31st December 2014	153,860	135,810	18,050
31st March 2015	197,970	135,810	62,160

Note – the discrepancy between the projected annual budget of £142,000 as of Feb 2014 and the set final approved budget of £135,810 is based on a reduction across the authority on pension costs.

## LEGAL/RISK IMPLICATIONS BACKGROUND

### Human Resources

The council will follow its employment stability policy and where possible seek to minimise the number of redundancies. The Council currently employs four members of staff on temporary contracts at the course. The costs associated with any redundancy payments will be met from the Golf Course budget code. The cost of redundancy payments is also included in the figures above. The redundancy costs are low.

## **SUSTAINABILITY IMPLICATIONS**

The report deals with the closure of the course. Its future use is part of the ongoing redevelopment project.

## **BACKGROUND INFORMATION**

Previous Cabinet reports

- April 3rd 2014;
- February 20th 2014
- January 23rd 2014
- October 24th 2013
- May 30th 2013
- March 26th 2013

## **REPORT AUTHOR**

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## **LIST OF BACKGROUND PAPERS**

N/A

## **APPENDICES**

- a) Golf Course usage and income graphs
- b) Letter to customers 6/2/14

## **APPENDIX B**

6<sup>th</sup> February, 2014

Dear

You may now be aware that Tamworth Borough Council's Cabinet has taken the decision to close the Golf Course in March 2015. This follows an extensive appraisal of all the possible options, as well as taking into account the current usage of the Golf Course, and the financial restraints on the Council. We appreciate that this will not be a popular decision, however we are now focusing all our efforts into making the last year at the Golf Course a special one.

We are aware that a number of members are anxious about the operational performance of the next 14 months, and we would like to take this opportunity to reassure members that we are still dedicated to running the course right the way up to March 2015.

The same budget that has been spent on the Golf Course this year has been committed for the 2014/15 financial year, and the Green Keepers and shop staff remain fully committed to maintaining the course to the highest standard possible, and providing high quality customer service.

There have been noticeable improvements on the course in the last few weeks including many areas being opened up from overgrowth, bunkers have been redefined, and the bridge between the 1<sup>st</sup> and the 2<sup>nd</sup> hole has been repaired. There has been a disease management

programme run over the winter months and the installation of additional drainage which has been successful in improving the condition of the 4<sup>th</sup> green. There is also further planned spring maintenance work to the greens and tee boxes. We believe that the hard work and dedication from our Green Keeping staff will result in the course being in an excellent condition this summer

With regard to membership renewal, the fees have now been agreed and we would like to offer our existing members a highly competitive price for next year as outlined below.

<b>Membership Category</b>	<b>Price for 2014/15</b>
7 Day Adult	£395
7 Day Concession	£295
5 Day Adult	£295
5 Day Concession	£250
Intermediate	£200
Junior	£100

Cont/d....

The prices we are offering are exceptional value for money, with our most expensive season ticket still only costing £7.60 a week, or just over £1 a day. This is significantly cheaper than other local courses, saving you several hundreds of pounds in some cases. These prices will also be offered to any new members, which we hope will encourage more players onto the course, so please help spread the news to any fellow golfers you may know.

There has been some speculation that the Golf Course will only remain open until March 2015 if there are not enough people using the course. As previously stated, we are committed to running the course until this time. However, the budgeted deficit cost to the council of running the Golf Course for the final 12 months has been set at £142,000. To achieve this, the course needs to hit the income budgets it has been set for both membership, and play and pay usage.

In terms of the membership target we want to generate as many members as possible although our minimum target is for 160 people to take out membership for the 2014/15 season.

Once this target is achieved, the course is then reliant on pay and play income, which contributes a more substantial proportion of the overall income budget. With the course being in a far better condition - and a range of promotional offers in the pipeline - the course looks on track to see a healthy number of pay and play visitors to the course, and have an exceptional season of golf. However, if extenuating circumstances come into play, for example poor weather over the summer, and income from this area was significantly under target, the future of the course may be reviewed.

We are keen to get the membership renewal process underway and renewal forms will be available in the shop from **Wednesday 12<sup>th</sup> February**, along with direct debit forms and payment breakdowns. This will apply to all members who are due to renew their membership between 1<sup>st</sup> April and 1<sup>st</sup> May, which are members numbered 1 – 216. If all those members who intend to renew their membership could complete these forms as soon as possible, it will be extremely helpful for giving us an early indication of membership numbers before 1<sup>st</sup> April.

Yours sincerely

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