

Subject:	Hollingbury Park and Waterhall Golf Courses		
Report of:	Executive Director, Economy, Environment & Culture		
Date of Meeting:	16 January 2020 23 January 2020 – Policy & Resources Committee		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The council is the freehold owner of two public golf courses in the city - Hollingbury Park Golf Course (HPGC) and Waterhall Golf Course (WGC). The current ten year management contract with Mytime Active to operate the golf courses on behalf of the council ends on 31st March 2020.
- 1.2 A market assessment was undertaken of the golf courses (in August 2018) due to the challenging financial position experienced by the operator during the current contract. This market assessment identified the potential for a sustainable future for the golf courses through long term leases for golf or other leisure uses. Tourism, Development & Culture Committee (TDC) in June 2019 agreed for a marketing exercise to be undertaken of the golf courses with a further report to be brought to the committee on the outcome of the exercise.

2. RECOMMENDATIONS:

That the Tourism, Equalities, Communities & Culture Committee:

- 2.1 Notes the current management contract with Mytime Active to operate the council's golf courses at Hollingbury Park and Waterhall expires on 31st March 2020.
- 2.2 Recommends to Policy & Resources Committee that it agrees to lease Waterhall Golf Course to the Community Interest Company (CIC) described in the bid appended to the Part 2 report for a period of 25 years.
- 2.3 Recommends to Policy & Resources that it delegates authority to the Executive Director, Economy, Environment & Culture to conclude the lease arrangements for Waterhall Golf Course as per 2.2.
- 2.4 Authorises officers to continue to interrogate and clarify the bids received in relation to Hollingbury Park Golf Course and notes that officers hope to make a recommendation to Policy & Resources Committee on 23 January as to the future of the site.

That the Policy & Resources Committee:

- 2.5 Agrees to lease Waterhall Golf Course to the Community Interest Company (CIC) described in the bid appended to the Part 2 report for a period of 25 years.
- 2.6 Delegates authority to the Executive Director, Economy, Environment & Culture to conclude the lease arrangements for Waterhall Golf Course as per 2.3

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The golf courses are currently operated by Mytime Active on behalf of Brighton & Hove City Council (BHCC). Mytime Active is a social enterprise with charitable objectives and are the largest operator of public golf courses in the UK (16 courses). BHCC currently receives an annual management fee from Mytime Active. This was procured by tendering a management contract to operate the two courses in 2009. In 2010 Mytime Active were appointed to manage both courses on a 10 year contract.
- 3.2 Before the current management arrangements were in place the courses were operated 'in house' by BHCC. When the courses were operated by the council a subsidy was required. By transferring the two courses to an external operator the subsidy was converted to an income stream for the council.
- 3.3 Golf participation in the UK has been showing a gradual decline over recent years. Factors which are considered to be causing the decline includes the oversupply of courses, the length of time it takes to play a full 18 hole round (approximately four hours), that golf is relatively expensive to play, the increased participation in other recreational opportunities such as cycling, and a lack of diversity of golf participants.
- 3.4 The golf market is therefore very competitive and numerous clubs and courses across the country have closed – both private and local authority owned. In Brighton and Hove there are a large number of courses all competing within a fairly small geographical area, however, the costs of participation vary. In general, the membership of a private golf course costs at least £400 per year more than HPGC and WGC.
- 3.5 In addition, less than 15 miles outside the Brighton & Hove boundary there are also a number of other courses. These include Pyecombe (full membership - £1284 per annum), Singing Hills, Albourne (full membership £1150 per annum), Mid Sussex (full membership - £1355 per annum), Haywards Heath (full membership - £1350 per annum), Lewes (full membership £1350 per annum). In addition Hassocks has recently closed for housing development. Golf participation boomed in the 1990's, however it has not been sustained which has impacted on the viability of courses.
- 3.6 Season ticket holders provide the core usage for each course and are very important for the viability of a course. In addition, there is also the opportunity to play golf on a green fee (play and pay basis) for those not wishing to commit to the expense of a season ticket.

- 3.7 Season ticket holders also have the opportunity to join the independently run golf clubs which are based at each course. By joining a club, a golfer is given the chance to play in competitions, competitive matches and enjoy social activities.
- 3.8 In the report at the June Committee the decline in season ticket holders across both courses up to and including 2018 was highlighted. The current position in 2019 has shown a significant increase in season ticket holders at Hollingbury Park, which can be substantially attributed to the efforts of the new management team at the course.

Season Ticket Holders

Golf Course	Season Ticket Holders 2010	Season Ticket Holders 2018	Season Ticket Holders 2019	Change 2018 to 2019
Hollingbury Park	461	271	325	Up 54 20% increase
Waterhall	235	94	88	Down 6

- 3.9 HPGC is far more accessible than WGC from a golf perspective as the course is less challenging and therefore more suitable as an introductory course for those new to the sport. The topography of WGC is such that electric buggies cannot be used. There are steep climbs and descents at different points of the course meaning that it presents a challenge to less mobile users. HPGC has a more forgiving landscape which allows electric buggies to be used. This means the course can better cater for both older and less mobile users and is more appealing to golf societies (group bookings).
- 3.10 Mytime Active have undertaken a number of initiatives to improve the financial position of the courses. These include footgolf at WGC, an enhanced catering and function offer at HPGC and golf development initiatives. However, the financial benefits of these initiatives have not been able to fully compensate for the decline in income from golf.
- 3.11 The planning designation for both sites is D2 which is the use of premises for entertainment and leisure purposes. Both courses are located within the South Downs National Park which combined with the planning designation could restrict planning permission being achieved for future developments.

Outcome of Marketing Exercise for the Golf Courses

- 3.12 The council has been undertaking an open marketing exercise for both golf courses overseen by Savills as a specialist marketing agent for these type of properties. Interested parties have been invited to submit proposals in respect of letting the sites on long leases (of at least 25 years) as agreed by the Tourism, Development & Culture Committee.
- 3.13 The courses have been advertised requesting proposals for golf, leisure, recreation, education or conservation uses e.g. rewilding. Advertising took place

in both local and national publications to attract a wide range of interested parties. All proposals would be subject to planning with the South Downs National Park Authority as the Local Planning Authority.

- 3.14 The number and diversity of the bids received was positive although the quality of some of the bids was disappointing. Please see a summary below of the primary use of enquiries for each site. The information is limited because on a first enquiry it is not common practice for an individual to explain their proposed use, it is purely just a request for further information. However, the level and range of interest generated reflected positively on the marketing approach and literature. It is also important to note that a number of the enquiries were for both properties. Also, some enquiries were for more than one proposed use.

Primary Use	Enquiries for HPGC	Enquiries for WGC
Golf	17	16
Re-wilding	5	6
Holiday Lodges, camping, glamping	4	5
Bike park	2	2
Leisure centre		2
Residential	4	2
Weddings	2	1
Burials	1	1
Dog walking		1
Surf pool	1	1
Country park	1	1
Farm		1
TOTAL	75	75

- 3.15 In total 15 actual bids were received by the closing date and they consisted of a combination of bids for individual sites and both sites as below. The primary use of each bid is listed below:

Bids received (15)

HPGC (6)	WGC (6)	Both (3)
Golf - 3	Rewilding - 2	Golf – 1
Bike Park/Outdoors Centre - 1	Bike Park - 1	Rewilding – 2
Burial Ground/9 hole golf course - 1	Farming - 1	
Camping - 1	Outdoor Activity Centre - 1	
	Water Sports Park - 1	

- 3.16 The bid proposals have been evaluated against the following criteria:-

- Suitability of proposed use.
- Understanding of local trading environment and demographics.
- Operating experience in running comparable ventures elsewhere.
- Details of the proposal and associated business plan, including how the venture will be funded.
- Strength of tenant covenant and financial viability.

- Social Value (Economic, Social & Environmental).
 - Level of rental offer in the context of the proposed use.
 - Proposed variations to the draft heads of terms.
- 3.17 A number of the bids sought a subsidy from the council. These bids were not considered favourably by the council as we are unable to fund a subsidy. They also present procurement and state aid problems – as described in the legal implications below.
- 3.18 The evaluation of the bids was undertaken by an officer panel with advice from Savills as the marketing agent. The full bid proposal from the preferred leaseholder for WGC and the summary of all the bids submitted by the closing date are included in Part 2 - Confidential Appendix 1 and Confidential Appendix 2. An overview of the bid from the preferred Leaseholder for WGC is summarised below:

Waterhall Golf Course – Preferred Leaseholder

Summary of bid

Restoration/Re-wilding

- The restoration/ rewilding of WGC managed by a Community Interest Company (CIC) to restore the chalk grasslands and scrub with a management strategy to:
 - Reduce soil nutrient levels by cessation of all fertilizer applications and by taking hay cuts and removing cuttings.
 - Restore Chalk Grassland by harrowing and the introduction of green hay from more botanically diverse council sites adjacent to the golf course.
 - Scrub improvement by cyclical scrub management and improvement based on coppicing.
 - On-going management by grazing with livestock such as sheep or cattle. The livestock would be temporarily hired from a local grazier for a short period of time in the spring to “agitate” the land. The livestock would remain the responsibility of the local grazier who would be paid a fee to undertake this conservation grazing.
- Without proper management and conservation grazing the bidder indicates that the site would revert to closed canopy woodland in 10 to 20 years’ time. Although this would be at a lower cost, this would result in a loss from the already impoverished biodiversity of the site.
- The proposal is that the site will act as a wildlife corridor connecting the adjoining wildlife sites on council land overseen by the Friends of Waterhall, bringing a net gain to all of these sites.
- Representation from groups and individuals with knowledge and expertise of such a project would be sought for the CIC.

Access Plan

- An access plan would be agreed with the council to ensure that public access is maintained while ensuring that there is not a negative impact on wildlife and the conservation of the area.
- In particular it will be important to ensure that all dogs walked in the area are kept under control and potentially on leads. The site is currently used extensively by commercial dog walkers with numerous dogs at any one time and this would need to be carefully managed to ensure suitable and compatible use.

Education Centre

- A second phase proposal is the replacement of the current green keeping building with an Education Centre. This would take place once the CIC reaches a breakeven position which is anticipated to be in year 4.
- The Education Centre would include classroom and seating area together with ancillary facilities. An Educational Access Plan would be developed with the aim to fund and host between 1000 and 3000 children and adults each year on educational visits.
- The site will host organised volunteering days where local residents can help with and learn about the conservation efforts on the site. In addition, the site would seek volunteers with specific experience in education or ecology to facilitate educational trips.
- In addition, the intention is to use this facility to host corporate events with the income generated to directly fund educational visits.

Business Case

- The above management strategy is expensive both in terms of on-going management revenue costs and capital works such as fencing to enable the conservation grazing. Applications for Countryside Stewardship grants would be made to offset some of the cost, but the vast majority of funding for the project would be provided by available private capital investment from the proposed leaseholder and the associated revenue from an events venue.

Events Venue

- The events venue would be established by the conversion of the existing clubhouse. Significant capital investment would be required at the outset from the leaseholder - which is part of the bid. The events venue would be designed to cater for family occasions as well as other events such as business meetings.
- The events venue would be designed with an external appearance which would ensure the building sits less intrusively within the downland context.
- There would be improved energy performance by increasing insulation levels and the standard of glazing, together with new, energy efficient services.

- Provide a venue for events with a capacity of 120 people.

Payment to the Council

- An annual rent is proposed to be paid to the council (after a rent free period of three years) which reflects the significant capital investment into the events venue and that required over a long period of grassland restoration. In addition, the nature of use which is primarily the managed conservation of the course will improve the environmental well-being of the area.

Waterhall Golf Course – cost of “mothballing” the site

- 3.19 If a tenant is not appointed until after the end of the current golf management contract on 31st March 2020, there would be “mothballing” costs which are estimated to be 53k for the first year. A detailed breakdown of these estimated costs is included in Appendix 1.

Waterhall Golf Course - staff

- 3.20 There are three positions employed by Mytime Active at WGC which will be made redundant when the current management contract ends on 31st March 2020. The council will ensure the Mytime staff employed in these positions will be kept informed of council’s vacancies. It is not possible to give any priority to these staff over other job applicants as they are not council employees. Attention is drawn to the council’s Fair and Inclusive Action plan, and the importance of ensuring open access to council employment vacancies.

Hollingbury Park Golf Course - Current Position

- 3.21 At the current time a preferred leaseholder has not been identified. Officers have asked for more information in relation to a proposal received from a bidder who would continue to run the site as a golf course alongside the development of the clubhouse for activities to promote health and wellbeing. If this additional information is sufficient, officers will make a positive recommendation to Policy & Resources Committee on 23rd January 2020. If the Policy & Resources Committee approves this recommendation it is highly likely that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply. Once the Council has made this decision Mytime will be able to consult with staff and comply with the TUPE regulations. The Council will need to agree a lease with the bidder very quickly. If the site is to continue to be operated as a golf course, it is important that there is no gap and that the new provider takes over the operation of the course on 1st April 2020. This will provide certainty to staff, ensures that golf club members and players are retained and that the site does not deteriorate. If there is a gap, the site will cease to be a going concern as a golf course (although TUPE may still apply – see the legal implications below).

- 3.22 If there are no bids which can be recommended to Policy & Resources Committee, then the recommendation will be to mothball the site and undertake a review of the options. If the site was mothballed (please see Appendix 1 for costs) the course and clubhouse would deteriorate and is likely to become unviable and too expensive to re-instate for golf in the future. The land would also become quickly overgrown and with no active management, this would not meet the aspirations expressed for rewilding.
- 3.23 At present the council receives a payment from the management contractor to operate both courses. To continue to solely operate HPGC, Mytime Active would require a significant payment from the council and therefore this option has not been recommended.
- 3.24 It is appreciated that this position is not ideal as it creates uncertainty for the staff and users of HPGC. However, it is very important that the council continues to pursue a sustainable solution for HPGC with existing bidders and concludes the marketing exercise.
- 3.25 If the council decides it cannot proceed with a bid which will continue to run the site as a golf course there will be eight Mytime Active employees who will be made redundant when the current management contract ends on 31st March 2020. The council will ensure the Mytime staff employed in these positions will be kept informed of council's vacancies. It is not possible to give any priority to these staff over other job applicants as they are not council employees, particularly given the objectives of the council's Fair and Inclusive Action plan, and the importance of ensuring open access to council employment vacancies.

Hollingbury Park Golf Course – cost of “mothballing” the site

- 3.26 If a tenant is not appointed until after the end of the current golf management contract on 31st March 2020, there would be “mothballing” costs which are estimated to be £98k per annum. A detailed breakdown of these estimated costs is included in Appendix 1.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 At TDC Committee in June 2019 the following four options were considered:

Option 1: Market both Hollingbury Park and Waterhall on long term leases for either golf or other leisure use(s).

Option 2: Procure management contracts for both Hollingbury Park and Waterhall as golf courses.

Option 3: Retain both Hollingbury Park and Waterhall as golf courses with an in-house operation.

Option 4: Market both Hollingbury Park and Waterhall on long term leases for golf only.

- 4.2 As well as considering the above options with the committee approving Option 1 to be undertaken, the committee also requested for an Option 5 to be considered. This was to explore the opportunity and financial viability of bringing both courses back in-house, with the option to convert one or both of the courses into a different type of leisure facility or environmental space including the feasibility of a rewilding project.
- 4.3 A financial assessment was undertaken by specialist consultants of the future delivery of the golf courses via a management arrangement (rather than long term lease). This assessment indicated that this option in terms of operating the golf courses (either via a specialist golf contractor or in house) is likely to worsen the council's revenue position significantly compared with the current arrangements. The financial assessment indicated that the in-house option would be even more expensive than a specialist golf contractor, and is therefore not considered to be financially viable.
- 4.4 An in house re-wilding proposal was received as part of the bidding process and the evaluation of that bid is enclosed in Confidential Appendix 2

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Engagement with Hollingbury Park Golf Club and Waterhall Golf Club has taken place throughout the term of the contract principally by Mytime Active as the operator. Council Officers have also met with both clubs in recent months along with MyTime Active.

6. CONCLUSION

- 6.1 A preferred leaseholder has been recommended for WGC following the marketing exercise. However, work is on-going to see if it is possible to identify a preferred leaseholder that could be recommended for HPGC.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The council currently receives an annual contract management fee from the existing management contract to operate the golf courses. The proposed lease of WGC would result in an annual rental fee (after a rent free period of 3 years) payable to the council which is less than the current management fee. This reduced fee reflects the current market conditions and the capital investment required. The fee level would therefore result in a revenue budget pressure which will be considered as part of the budget setting process. The proposed lease is viewed to be the most advantageous and viable when considered against the set criteria as detailed in the main body of the report.
- 7.2 The proposed lease includes a commitment of capital investment in the site funded by the preferred bidder. An alternative to this proposal would be for the council to identify capital funding from its own resources to carry out the equivalent works which would increase the potential annual rental value. Availability of council capital funds is limited due to demands from other priority capital investments.

- 7.3 It is anticipated that the financial implications associated to the future of HPGC will be considered and reported to Policy & Resources Committee on 23rd January 2020.
- 7.4 It should be noted that “mothballing” either or both sites would result in the council incurring expenditure as detailed in Appendix 1. The total costs for the first year are estimated to be £0.151m which is not currently within approved expenditure for 2020/21.

Finance Officer Consulted: Steven Bedford

Date: 16/12/19

Legal Implications:

- 7.5 The proposal is to enter into long leases with exclusive possession and permitted use for the courses. The proposals do not include any obligation on the lessee to provide and/or manage any services at the courses and therefore the Concession Contracts Regulations 2016 did not apply. As the regulations did not apply, the council was not required to carry out a procurement in a prescribed way. Many of the bids received sought a subsidy from the council. Arrangements whereby the council provides funding may constitute contracts for services and therefore raise procurement and state aid issues as a compliant procurement has not been carried out.
- 7.6 When the council invited bids, it indicated the criteria which it would apply to determine which bid was successful. Officers and their advisors have carried out an evaluation based on that criteria and the decision recommended in relation to the Waterhall Golf Course is therefore not susceptible to challenge on public law grounds.
- 7.7 The council is under an obligation when leasing land to achieve the best consideration reasonably obtainable (s123 Local Government Act 1972). However the Secretary of State has issued a general consent: Circular 06/03: Local Government Act 1972 general disposal consent (England) 2003 which allows the Council to dispose of land for less than best consideration provided that the undervalue does not exceed £2m and the authority considers that the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. The disposal of the Waterhall Golf Course to the Community Interest Company represents a disposal for best consideration.
- 7.8 Decisions to dispose of land must be made by the Policy and Resources Committee. Where a matter is to be referred to Policy & Resources Committee it will normally be considered first by the service committee, which in the case of these sites is the Tourism, Equalities, Community & Culture Committee. However this is not necessary if it is impractical for timing or for other reasons and a decision in relation to the future of Hollingbury Park Golf Course can therefore be made by the Policy and Resources Committee on the 23 January following consultation with the service Committee Chair.
- 7.9 The staff employed by Mytime may transfer to a new supplier if the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply. This will depend on the nature of the service or business following the transfer. The

Council can assist Mytime and their staff by notifying Mytime as soon as possible if there is a possibility that there will be a TUPE transfer. Mytime and the transferee will then be able to comply with the regulations e.g. in relation to informing and consulting staff.

Lawyer Consulted: Alice Rowland

Date: 16/12/2019

Equalities Implications:

- 7.10 In relation to the preferred bid for WGC, a Public Access Plan would be agreed with the council to ensure appropriate public access could be achieved that is compatible with the conservation of the area.
- 7.11 If golf does not continue at either HPGC or WGC, this would cease the provision of public golf opportunities in the city, which are more accessible from a cost perspective than private provision.

Sustainability Implications:

- 7.12 In relation to the preferred bid for WGC, the focus is on achieving a sustainable chalk landscape that would be for the benefit of the local community.
- 7.13 In addition, the capital investment to provide a new Events Venue and Education Centre would include a range of energy saving measures.

Public Health Implications:

- 7.14 If golf is not continued to be provided at both or either course, the opportunity for members of the public to achieve the physical activity benefits of playing golf at these courses would be lost.
- 7.15 In addition, the mental health and well-being benefits of participation in golf at the courses would not be achieved.

SUPPORTING DOCUMENTATION

Appendices:

- 1. Estimated Mothballing costs
- 2. Confidential bid for Waterhall Golf Course (Copy circulated to Members only. Exempt Category 3).
- 3. Confidential Summary of bids (Copy circulated to Members only. Exempt Category 3).

Background Documents

- 1. Report to Tourism, Development & Culture Committee dated 20th June 2019

