

Public Document Pack

Date of meeting **Wednesday, 9th October, 2013**
Time **5.45 pm**
Venue **Committee Room 1, Civic Offices, Merrial Street,
Newcastle-under-Lyme, Staffordshire, ST5 2AG**
Contact **Louise Stevenson ext 2250**

Transformation and Resources Overview and Scrutiny Committee

AGENDA

PART 1 – OPEN AGENDA

1 Apologies

2 DECLARATIONS OF INTEREST

To receive declarations of interest from Members on items included in the agenda.

3 KEELE GOLF COURSE

(Pages 1 - 42)

To consider the procurement and financial aspects of the tender process undertaken.

4 URGENT BUSINESS

To consider any business which is urgent within the meaning of Section 100B (4) of the Local Government Act 1972.

Members: Councillors Bannister, D Becket, Mrs Burgess (Vice-Chair), Fear, Hambleton,
Mrs Hambleton, Howells, Jones, Mrs Shenton (Chair), Taylor.J and Waring

Members of the Council: If you identify any personal training/development requirements from any of the items included in this agenda or through issues raised during the meeting, please bring them to the attention of the Democratic Services Officer at the close of the meeting.

Meeting Quorums :- 16+= 5 Members; 10-15=4 Members; 5-9=3 Members; 5 or less = 2 Members.

Officers will be in attendance prior to the meeting for informal discussions on agenda items.

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Report to the Transformation and Resources Overview and Scrutiny Committee

Keele Golf Course Procurement of a new Tenant to Manage, Develop and Maintain the Facility

9 October 2013

Background

On 21 March 2013 the operating company at Keele Golf Course went into voluntary liquidation but continued to operate until the liquidator passed back the lease to the Council on 1 May 2013.

Glendale Managed Services were asked to quote for grounds maintenance at the course and also separately for managing the golf course. As an existing grounds maintenance contractor to the Council, a variation to their existing contract was approved following evaluation of their quote. In relation to the golf course management, two quotes were obtained, and following evaluation the work was awarded to Glendale.

Both contracts are for an initial 4 months with the option to extend monthly for a further two months. These arrangements commenced on 2 May 2013. On 1 May 2013 the course was staffed by Council senior officers to ensure a continuation of service and gave the opportunity to audit the operation prior to the interim contractor starting. The next step is for the Council to find an operating company to maintain and manage the course in the long-term.

Scrutiny Process

The purpose of this report is to give the Members of this committee the opportunity to scrutinise and review the provisions made within the process for:

- ensuring that the Council has complied with its own procurement rules; and
- ensuring that the Council is getting the best financial return and value for money.

Members of this committee should be aware that the Overview and Scrutiny Co-ordinating Committee met to consider the overall process of procuring a new Tenant to manage, develop and maintain Keele Golf Course at its meeting on 24 September 2013. Also, the Active and Cohesive Communities Overview and Scrutiny Committee met on 3 October 2013 to consider the golf development and course grounds maintenance aspects of the tender process. The views of all three committees will be fed back to the Cabinet who will make their decision on 16 October.

A number of documents are attached to assist the committee:

- A copy of a set of slides prepared for the Overview and Scrutiny Co-ordinating Committee and the Active and Cohesive Communities Overview and Scrutiny Committee to give Members of this committee an overview of the entire process.
- Key extracts from the Invitation to Bid document.
- A draft report that has been prepared for the Cabinet to make a decision on 16 October. This includes a confidential financial appendix which is key for this committee's scrutiny.

Recommendations:

- a) That the Committee considers the procurement process undertaken and confirms that the Council is in compliance with its own rules.
- b.) That the Committee make recommendations to the Cabinet in respect of the financial aspects of the process.

Kelvin Turner
Executive Director – Resources and Support Services
Newcastle-under-Lyme Borough Council

KEELE GOLF COURSE

**Overview of process for
procuring a new tenant to manage,
develop and maintain the facility
May to October 2013**

BACKGROUND

- Pre May 2013 – commercial lease
- May 2013 to date – interim management and maintenance
- Cabinet decision May 2013 to procure tenant and ratify interim position
- 2-stage bidding process with options

STAGE 1 – EXPRESSIONS OF INTEREST

- EIQ preparation and evaluation criteria set
- Marketing approach agreed
- Heads of Terms for lease drafted

STAGE 2 – ADVERTISING

- Ads placed in key publications and websites seeking expressions of interest
- 3 EIQ submissions by due date
- Financial/health checks undertaken
- Evaluation completed; all 3 parties invited to proceed to next stage

STAGE 3 – INVITATION TO BID

- Content of documents prepared and evaluation criteria set
- Documents included:-
 - Heads of Terms;
 - Schedule of Works;
 - Operational Management Schedule;
 - STRI Report
- 2 submissions received

STAGE 4 – EVALUATION OF BIDS

- Multi-disciplinary evaluation panel established
- Independent scoring against evaluation criteria
- Initial moderation of scores and identification of clarification issues
- Clarification meeting with each party
- Submission of clarification information and final evaluation panel scoring
- Independent/critical friend review of evaluation panel scoring

STAGE 5 – SCRUTINY PROCESS

- Review of overall process by Coordinating Overview & Scrutiny Committee
- Review of financial/resources issues by Transformation and Resources Overview & Scrutiny Committee
- Review of service issues by Active and Cohesive Overview & Scrutiny Committee

STAGE 6 – DECISION

- Finalise officer evaluation and report
- Consider output of scrutiny processes
- Cabinet decision
- Offer to preferred bidder

STAGE 7 – IMPLEMENTATION

- Continued interim management and maintenance
- Completion of legal documents and lease terms
- Gearing up period
- Hand-over arrangements implemented
- Likely timescale 2 to 3 months

STAGE 8 – MONITORING

- Establishment of multi-disciplinary officer team to support monitoring
- Monitoring meetings with tenant – monthly for first 6 months, then quarterly
- Annual review and report to members



Invitation to Submit an Offer for Lease

**APPOINTMENT OF A SPECIALIST GOLF OPERATOR FOR THE DEVELOPMENT,
MANAGEMENT AND MAINTENANCE OF THE KEELE GOLF CENTRE, KEELE ROAD,
NEWCASTLE-UNDER-LYME, STAFFS.**

**Issued by
The Borough Council of Newcastle-under-Lyme
Directorate of Regeneration & Development**

[Key extracts only for NBC scrutiny purposes](#)

Closing date for submission of completed documents

**17:00 on Monday
19th August 2013**

Version date: July 2013

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17 INDICATIVE TIMETABLE

Actions		Date(s)
1.	Closing date for receipt of proposal	19.08.2013
2.	Evaluation Period	20.08.2013 to 30.08.2013
3.	Council Consultation Process	02.09.2013 to 17.10.2013
4.	Council decision obtained	16.10.2013
5.	Notification of decision to all applicants	18.10.2013
6.	Finalisation and Issue of Lease documentation	18.10.2013 to 01.11.2013
7.	Lease Commencement Date	02.12.2013

Note: All dates are indicative only and may be subject to change where necessary.

SECTION 2 - INFORMATION FOR APPLICANT'S SUBMISSION

DESCRIPTION OF DEMISE

Location

Keele Golf Centre occupies a highly commercial trading location directly off the A525 opposite to Keele University and close to the M6 motorway, Junction 15. It is located approximately one mile west of Newcastle-under-Lyme town centre.

The Site

The golf course site extends approximately to 60.7Ha / 150 Acres and includes an 18 hole course par 72 course of some 5,848 ms / 6,396 yds in length, a 9 hole par 27 short golf course, clubhouse, Golfers Arms PH, green keepers building and a residential property

The 18 whole undulating parkland course, designed by renowned golf architect Fred Hawtree was developed and opened in the mid 1970's. Greens and tees are irrigated by an automatic sprinkler system served by mains water.

Adjoining the course is a practice putting and a practice pitching green.

The 9 hole par 27 course which opened in the summer of 2006 is approximately 2015 metres/2,413 yards in length It is located a short walk from the Golfers Arms PH and occupies the eastern part of the site. It comprises an open area divided into two sections by a mature hedgerow. Only the greens are irrigated by an automatic system.

Please see attached STRI report (dated 25th June 2013) which details the condition of the courses, recommended remedial & improvement works. These works will form a condition of the lease and have to be undertaken within the first twelve months.

N.B. The automatic irrigation systems have not been fully tested or examined and it will be for the incoming tenant to do so and undertake such work as may be necessary so as to put them into good repair.

The Golf Clubhouse/Golfers Arms PH and car park

These facilities are located near to the southern boundary and are visible from the A525 main road. The building was constructed in the mid 1970's mainly of brick elevations, having a two storey section (under a pitched tiled roof) and a single storey part having a flat felted

roof. On the ground floor it extends in area to approximately 312.75 sq ms (GIA) and on the first floor 170 sq ms (GIA)

The clubhouse and Golfers Arms provide the following range of accommodation;

- Entrance lobby
- Golf shop with adjoining storage area / two offices, workshop and a further office accessed from the lobby
- Ladies and gentlemen's WC's with changing areas, each providing one shower
- Ground floor bar (approx 30 covers) service kitchen, beer cellar and cold room
- Boiler room
- First floor main bar with restaurant area (approx 60-70 covers) main kitchen, washing up area, stairs to ground floor.

Adjoining the clubhouse/Golfers Arms are two parking areas which can accommodate approx 100 vehicles.

The Green keepers building

This single storey building extends to approx 215 sq ms / 2,314 sq ft (GIA). It is constructed of brick elevations under a profile steel roof. Internally it comprises a storeroom, chemical store, mess room and WC.

The Golf Houses, nos. 1 & 2.

Situated to the east of the Golfers Arms is a pair of semi-detached dwellings. They were constructed in the 1970's, having brick elevations under a pitched tile roof. Accommodation comprises; ground floor living room, hallway with three first floor bedrooms and a bathroom. It is intended to include Golf House no. 1 in the lease demise.

Please see building floor plans and condition survey.

HEADS OF TERMS

Without Prejudice, Subject to Lease

LESSOR: The Borough Council of Newcastle under Lyme, Civic Offices,
Merrial Street, Newcastle under Lyme, Staffordshire,
ST5 2AG

CONTACT: Mr Phil Thompson MRICS. Tel No: (01782) 742378
Email: phil.thompson@newcastle-staffs.gov.uk

LESSORS SOLICITORS: The Borough Council of Newcastle under Lyme, Civic Offices,
Merrial Street, Newcastle under Lyme, Staffordshire, ST5
2AG

ACTING: *(name & contact details of solicitor acting is to be confirmed)*
Civic Offices
Merrial Street
Newcastle under Lyme
Staffs ST5 2AG.

LESSEE:tbc.....

CONTACT:

LESSEE'S SOLICITORS:

ACTING:

Direct Dial:
Mobile:
Email:

DEMISE:
(property description) 9 & 18 golf hole course(s), golf shop/office/public
house/restaurant premises (formerly known as The Golfers
Arms), separate green keepers equipment store, semi-

detached house together with adjoining land / fishing ponds, all hedges/trees/fences and boundaries.

The extent of the demise is more particularly shown edged red on the attached plan.

PROPOSED USE: Golf course, golf club house, bar with catering, retail, tuition and other appropriate facilities.

TERM:

OPTION A

A new 10 year FRI lease (excluded from The LL&T Act security of tenure provisions) of the Keele golf centre.

OR

OPTION B

A new 25 year, FRI lease (excluded from The LL&T Act security of tenure provisions) of the Keele golf centre.

COMMENCEMENT: To be agreed

RENT: The annual rent will be on one of the following bases;

- (i) A fixed sum p.a. exclusive, plus VAT, if applicable, quarterly in advance; *or*
- (ii) A percentage of gross turnover exclusive, plus VAT, if applicable, payable monthly in arrears; *or*
- (iii) A combination of (i) & (ii) above

In the case of (ii) & (iii) above, at the beginning of each financial year (throughout the term) the lessor will issue an invoice based upon the anticipated rent for the forthcoming twelve month period and a balancing adjustment will be made at the end of the twelve month period to reflect the actual percentage of turnover received.

By no later than the 15th of each month the Lessee is to provide to the lessor a statement of turnover in respect of the preceding month, together with a BACS payment, being a percentage of turnover.

In the case of (i) or (iii) above, arrears of rent will incur interest at the monthly rate of 2% above base rate.

The tenant will be required to operate an 'open book' accounts system. In order to monitor till income the tenant will be required to provide an approved computerised system / CCTV installation.

RENT REVIEW:

In the case of the basis of rent being (i) or (iii) above, the fixed sum element of the rent is to be reviewed at the end of each 5th year of the term to either a market rent or increased by an inflation (indexation) formula.

**UTILITIES, RATES
& TAXES**

The lessee is to pay all costs in connection with the supply of utilities and shall pay all present and future rates & taxes.

REPAIRS:

The lessee shall put the whole of the demise, including the lessors fixed equipment, into a satisfactory tenantable condition, as specified in the schedule of works, within the first 12 months of this agreement and thereafter keep it in such condition.

The lessee is to manage and maintain the course(s) throughout the term in accordance with UK golf industry good practice, e.g. to the standard required by the Sports Turf Research Institute (STRI), or equivalent. The lessee is to obtain an STRI report (in August each year) and comply with its conditions/recommendations, including programme, timescales, all of which are to be pre-agreed with the lessor prior to implementation. A copy of the STRI report is to be supplied to the lessor within two weeks of it being issued. All costs associated with obtaining the report and complying with its conditions shall be paid by the lessee.

IMPROVEMENTS

The lessee has to provide full details of any proposals to the lessor and obtain prior written approval before commencing any work.

The lessor wishes to encourage improvements by way of alterations and development of the centre, including complementary facilities. Should the lessee's improvement of facilities result in an area of land becoming available for alternative use the Council would be prepared to vary the lease, taking back this area of land and upon its future disposal at an uplifted value, pay to the lessor a premium, being 10% of the uplift in value.

SCHEDULE**OF WORKS:**

A specification of repairs to buildings, exterior hard landscaping & car parks, and STRI recommendations for 9 & 18 hole courses, grounds etc. will be appended to the lease.

DECORATION:

The lessee is responsible for all decoration (buildings, structures etc.) of the demise, throughout the term and redecoration in the last year of the term.

CLEANING:

The lessee is to keep the whole of the demise clean, tidy and clear of rubbish at all times.

REMEDY OF BREACHES

The lessor may inspect the demise, after giving reasonable prior notice, in order to assess its condition & state of repair. Notice of any breaches will be given and should they not be remedied within 3 months, the lessor may enter and carry out the works needed, recovering costs incurred from the lessee.

ALTERATIONS:

The lessee is prohibited from making any alterations without the lessor's prior written approval.

ALIENATION:

Not to assign part only of the demise.

Not to assign the whole of the demise without the Lessor's prior written consent which shall not to be unreasonably withheld or delayed PROVIDED that the lessor may impose reasonable conditions, e.g. the proposed assignee is respectable, responsible and able to pay the rent, the assignee enters into an AGA etc.

BREAK CLAUSE:

In the case of a lease granted for 25 years the lessor is inviting offers and investment proposals for;

- (i) a straight 25 year lease; and
- (ii) a 25 year lease which includes an option to break exercisable at anytime after year 10, subject to a minimum of 6 months notice.

The trigger for exercising the option will be either the allocation through the local planning policy process or the grant of planning permission for an implementable scheme of development.

If the option is activated the lessor may take back the whole or part of the demise. In the case of part only of the demise, the lessor will seek to ensure detriment is not caused to the remainder.

INSURANCE:

The lessee is to effect insurance in the joint names of the lessor and lessee in respect of;

- (i) the demised property against loss or damage in an amount equal to the full cost of reinstatement, including associated demolition, clearance and professional fees.
- (ii) employers liability, public liability, third party and any other liability appropriate to the running of a golf centre in the sum of not less than £5M and in respect of employers liability £10M and shall produce details of cover to the lessor on demand.

The levels of cover shall be varied from time to time as required by the lessor.

LICENCES: The lessee to obtain and comply with all licences, consents and permissions necessary for the lessee's occupation and use.

STATUTORY OBLIGATIONS: The lessee will arrange for all necessary inspections to be carried out, reports obtained and for copies provided to the lessor in respect of all activities, premises facilities, fixtures, fittings & equipment.

The lessee is to undertake / comply with, at its cost, the recommended actions / works identified in the report(s) within 3 months timescale. Failure to do so will result in the lessor undertaking the work and recovering costs of doing so from the lessee.

**OPERATIONAL
MANAGEMENT:**

The lessee to observe and comply with the terms and conditions set out in the Operational Management Schedule contained in the lease.

DEPOSIT:

At the commencement of the lease the lessee will be required to place on deposit with the lessor the sum of £30,000 by way of surety against default in compliance with lease obligations. Providing all obligations have been complied with the deposit will be refunded at the end of the term.

LEGAL COSTS:

The lessee to pay the lessor reasonable legal costs.

The lease itself will contain such other terms and conditions as the lessor's solicitor may deem necessary in order to bring the agreement into effect.

SELECTION CRITERIA:

Prospective applicant's proposals will be evaluated as follows:

40% - Quality

60% - Financial Proposal

Each quality evaluation criteria has been allocated a score by the evaluation team to which a weighting will be applied of between 0 and 4 points as follows:

1	Information incomplete – significant indications that applicant lacks ability/experience/expertise/resources/structure to satisfy the Heads of Terms.
2	Information complete – concerns that applicant may lack certain essential requirements to satisfy the Heads of Terms.
3	Information complete – indicating applicants potential to satisfy the Heads of Terms.
4	Information sufficient to indicate the applicant is capable to satisfy the Heads of Terms and delivering added value.

Applicants are required to submit business plans covering the period of the lease (see 6. below) which should address each of the following quality criteria questions:

Quality criteria:

1. Centre Management, maintenance & development.

Applicants are requested in their submission to address the elements of quality management, Health & Safety, and equality and diversity as part of their method statement linked to each of the quality elements below.

- 1.1 Put all of the centre buildings into repair based on the schedule of works and the categorisation of these into; 'essential', 'necessary', 'desirable', Please provide a project plan for all recommended work, a programme timetable for delivery (score 10)
- 1.2 Demonstrate how you intend to comply with the recommendations of the STRI report dated 25 June 2013 - Based on its recommendations please provide a project plan for all recommended work, a programme timetable for delivery, (score 5)
- 1.3 In respect of 1.1 & 1.2 above provide a statement as to how you mitigate the impact of activities on the users of the centre. (score 5)

1.4 Shortlisted applicants are required to evidence as part of their proposal how they will intend to deliver all elements contained in the “*Operational Management Schedule*: - section of the ‘Heads of Terms’. (score 20)

2. Development of golf

2.1 Applicants are requested to provide in greater detail (to that contained in the EIQ) how it is proposed to grow/develop the golf centre. Specifically:

- To prepare and implement an agreed annual maintenance and improvement plan. (score10)
- The structure of fees & charges for playing golf should not discriminate against pay & play golfers, ensuring sufficient time is available to meet the demands for municipal play; be competitive with similar courses within a 30 mile radius; have available a variety of packages and season tickets offering discounts / concessions. (score10)
- To prepare and implement golf development plan in line with Golf England guidance. (score 5)
- Lessee is to conduct annual user satisfaction surveys, the first being 12 months from the commencement of the lease. Within one month of completion of the survey to prepare and deliver to the lessor an ‘improvement action plan’ which addresses significant issues which require attention. After obtaining lessor approval, implement the action plan in accordance with the agreed timescales. (score 5)
- The lessee is to secure and maintain accreditation with appropriate golf industry bodies, e.g. Golf Mark., STRI, Green keepers Association. (score 10)

3. Added Value

3.1 Promoting social value is a key factor to Newcastle-under-Lyme Borough Council and applicants are requested to provide relevant information on how it will deliver social value within the borough e.g. local employment; creation of local trainee / apprenticeships; marketing of the centre to generate increased turnover. (score15)

3.2 Applicants are required to provide details of their environmental / sustainability policy, explaining and demonstrating how these will be realised as part of the delivery of golf at Keele. (score 5)

Financial proposals;

1. Applicants are required to submit a business plan for each of the options (contained in paragraph 6 below) and addressing all elements of the Heads of Terms, to include projections as to numbers of patrons, estimated income and expenditure, balance sheet and all supporting assumptions in the delivery of your proposals. (score 25)
2. Describe the range of potential investments you intend to make over the term of the lease to develop Keele as a premier golf venue. (score 20)
3. The business plan(s) should identify the estimated level of investment linked to schedule of works identified in question 1.1 above. (score 10)
4. In the case of a 25 year lease containing an option to break and in order to encourage investment on added value improvements to the centre please indicate what your proposals would be for recompense on a sliding scale taking account of the years remaining until the end of the lease. (score 5)
5. Linked to question 1.2 above provide a breakdown of the cost of delivering each element linked to the recommendations contained in the STRI report dated 25 June 2013. (score 10)
6. Make a rental offer, confirming the basis for this, i.e. being:
 - (i) an amount per annum,
 - (ii) a varying sum being a percentage of gross turnover (derived from all centre activities and services)
 - (iii) a combination of (i) & (ii) and the amount of rent / percentage of gross turnover.

You are invited to submit offers for **both a ten or a twenty-five year lease term** and should set out your offer proposals in the format of the table overleaf;

	Lease Term		
	10 Years	25 Years (No option to break)	25 Years (Including option to break)
Rental Offer:			
1. Lump sum amount per annum (£)			
2. Percentage (%) of gross turnover			
Combination of 1 & 2 above			
Applicants proposed level of investment (£)			

(score 25)

7. Provide an explanation as to how you will set up and deliver an open book accounting arrangement, i.e. in the case of a turnover rent. (score 5)

APPENDIX 3 – OPERATIONAL MANAGEMENT SCHEDULE

Course maintenance:-

- The lessee to obtain an annual report from the Sports Turf Research Institute (STRI) and shall be responsible for implementing and complying with its recommendations within its programme timetable
- The lessee to maintain the 9 and 18 hole golf courses to a standard at least commensurate with golf industry standards of good practice for a reasonable quality municipal pay and play facility.
- the lessor may inspect the course at any reasonable time, subject to 24 hours notice.
- at the of commencement of the lease, draw up a tree management programme for the course, in conjunction with the Council's Arboricultural officer - carry out agreed works etc, review programme plan annually, carrying out all works necessary for health and safety and to implement the plan.
- Not to carry out any drainage works or works that involve earth moving, introduction or importation of 'materials' without the lessor's prior written consent.
- Not to carry out any works that involve potential damage to trees, tree roots or removal of trees without the lessor's prior written consent.
- The tenant is to inspect, test and remedy any faults or defects identified with the irrigation system(s)

Course improvements:-

- At the beginning of the lease term to commence and thereafter implement all of the recommendations contained in the appended STRI report dated 25th June 2013.

Course management:-

- Hours of operation - the course & shop shall be open everyday except Christmas Day, Boxing Day & New Years Day between the hours of dawn and dusk.
- To prepare and implement an agreed annual maintenance and improvement plan.
- To allocate Tee times on 'a first come first served' basis, offer telephone & on-line bookings.
- allow the resident club use of the 'committee room'.

- allow the resident club and recognised societies to book 'advertised packages' in advance.
- maintain high standards of security and protection from crime.
- The structure of fees & charges for playing golf should not discriminate against pay & play golfers, ensuring sufficient time is available to meet the demands for municipal play; be competitive with similar courses within a 30 mile radius; have available a variety of packages and season tickets offering discounts / concessions.
- The lessee is to provide monthly reports broken down into usage (e.g. number of rounds played) of each income producing activity.
- To prepare and implement a golf development plan in line with Golf England guidance.
- Equal opportunities – to operate the golf course without discrimination.
- Maintain and protect public rights of way over the golf course.
- Allow public use of the club house and associated facilities.
- Lessee is to conduct annual user satisfaction surveys, the first being 12 months from the commencement of the lease. Within one month of completion of the survey to prepare and deliver to the lessor an 'improvement action plan' which addresses significant issues which require attention. After obtaining lessor approval, implement the action plan in accordance with the agreed timescales.
- Consult with the lessor as to the operation of the course, complying with the lessor's reasonable requests.
- The lessee is to secure and maintain accreditation with appropriate golf industry bodies, e.g. Golf Mark., STRI, Green keepers Association.

APPENDIX 4 – STRI Report dated 25th June 2013

Key recommendations

Greens

- In the autumn aggressive aeration needs to be carried out. Try to do this as early as possible to improve recovery of the greens surface. This should be the main renovation operation of the year; it will involve 12mm hollow coring with all the cores cleared off the surface before sand topdressing to fill the holes. Once this has been completed this operation should then be followed with a Graden sand injection scarification.
- To help with the integration of sand into the surface, it is essential to use kiln dried sand for the Graden scarification operation. This can be sourced locally from topdressing suppliers.
- During the spring 8mm micro core operations should be carried out in April, each followed by topdressing. If possible during a quiet period in the summer hollow coring should take place using 12mm hollow core tines and topdressing following this operation.
- Regular routine spiking using 8mm tines should be used to aerate the upper profile of the greens. If possible this should be done on a monthly basis
- During the winter months (when conditions allow) verti-drain the greens to relieve compaction to the lower profiles of the greens.
- If possible refinement of the grass species on the greens should take place using regular grooming or verti-cutting.
- During the spring, an application of the 3:0:3 NPK ratio fertiliser should be applied to all the greens between 30-35gm². Depending on growth this should be followed up by the same application 4-5 weeks later.
- After this going on into the summer months an application of Sierra Form 16:0:16 MPK slow release fertiliser should be applied to the greens to sustain them through the summer. This should see the greens through until the autumn when application of a granular 5:0:28 should be applied prior to the autumn renovation. The high amounts of potassium within this last fertiliser application should harden the turf against disease over the winter.
- Due to the high levels of organic matter within the soil profile and the poor species composition, a preventative fungicide programme should be in place to avoid the high levels of scarring seen over the last winter. The first application of fungicide should be applied when conditions are favourable for disease formation. For this, Heritage would be a good product. Another application should be made in early December to get the greens over until February; Instrata would be the fungicide of choice for this application. One more application of fungicide may need to be applied in February to get the greens through into the spring when no further applications should be required.
- It is essential to apply sufficient sand to the greens to be able to dilute the amount of organic matter present, budgeting for at least 120 tonnes of sand if possible over the 12 month period. Approximately 30-40 tonnes of this sand will be required in kiln dried form to use as part of the Graden sand injection scarification.

Tees

- Look to implement regular monthly aeration to the tees, but only when conditions are correct to avoid smearing of the surface.
- Top dress the tees using a medium to coarse sand. Look to apply around 150 tonnes in 3-4 applications over the spring through to the autumn to maintain surface levels and keep the sward consistent.
- Apply 2 controlled fertilisers to the tees to improve resilience. An Everriss Sierrablen 19:8:19 NPK would be ideal. The first application should go down in May with another in August. Other manufacturers of slow release fertilisers are available upon request.
- Tee renovations should take place in September/October. Look to scarify, hollow core and top dress the tees surface followed by an over seeding with a dwarf perennial ryegrass to improve sward texture and density.

Fairways

- Primo Maxx should be applied to the fairways to reduce clipping yields, improve turf density and performance. An Everriss Fairway Programme which will lead to less mowing on fairways and reduce clippings and labour costs should be implemented. This will require 3 applications of Primo Maxx at 4-6 week intervals. As discussed a herbicide application will take place over the summer to get rid of broad leaved weeds. This could be tank mixed using the Primo Maxx to save on costs and labour. Contact the company Everriss to see if your preferred herbicide is compatible with the use of Primo Maxx.

Rough

- Areas that are out of play can be left to grow and create ecological areas for insects and mammals.
- Cutting these areas only twice per year will save on labour and machinery wear, cut once in March collecting the clipping and remove from site, making sure this is done early enough to avoid disturbance of ground nesting birds and mammals. A second cut should take place in September ensuring to collect the clippings. This will encourage finer species of grass and flowers, and avoid nutrients leaching back into the ground.

Aprons

- Aprons should be ideally verti-drained at least 3-4 times during the winter, but only when conditions are favourable to avoid smearing.
- No additional nutrient input should be required on the approaches.

APPENDIX 5 - CONDITION SCHEDULE

Schedule of works required for Keele Golf Club House, car park and workshop Newcastle under Lyme

**For removal of doubt, all works below to be priced for and completed by contractor
unless instructed otherwise**

1.00	Essential works required upon taking occupation	(Price)
1.01	Golf Clubhouse/Golfers Inn.	
1.02	Renew Barge and soffit boards to main clubhouse	
1.03	Renew all external upvc guttering	
1.04	New emergency fire door and frame bottom of the stairs	
1.05	Side elevation renew 2 number broken pieces of glass	
1.06	Renew side window in bar area	
1.07	Investigate for water ingress to the bar area – Veranda above the rear extension & replace area of ceiling	
1.08	Renew asphalt decking to the veranda area	
1.09	Repaint all exterior woodwork	
1.10	General decoration to all inside	
1.11	General renew all floor coverings	
1.12	Electrical rewire to relevant electrical standards	
1.13	General around all of the building lift and level all paving slabs trip hazard	
1.14	Rear of the building and side of the building reset all the paving slabs forming steps from the emergency fire doors	
1.15	Lift and renew concrete area by cellar roller shutter door	
1.16	Clear all gullies and jet all drains and fit gulley gratings	
1.17	Take off all verge tiles, renew all of the oversailing on the barge boards replace – renew verge all to be cement bedded-Asbestos identified.	
2.00	Green Keepers Implement Shed	
2.01	Renew 4 number side windows	
2.02	Renew fascias	
2.03	Renew gutters	
2.04	Renew lighting conductor	

- 2.05 Rebuild top of irrigation shed outside front of building – refix replace roof covering to the same
- 2.06 Clean out all gullies and drains and fit 1 piece gulley surrounds
- 2.07 Renew gulley pot back inlet and connect to the drains, fit 1 piece concrete surround
- 2.08 Replace tarmac to front of the implement shed

3.00 Necessary work required within 3-5 years.

3.01 Golf Clubhouse/Golfers Inn.

- 3.02 Renew 2 number large full glazed windows to the side elevation -
- 3.03 Renew 1 pair of 2GG doors to the rear elevation to be of mortice and tenon construction and not doveled (to be rebated)
- 3.04 Renew large window at the rear of main building
- 3.05 Renew front large window to left of the main entrance
- 3.06 Renew side window at high level by the spirit store
- 3.07 Renew gas boiler, has crack in the heat exchanger leaking all of the time
- 3.08 Radiators to clubhouse require replacing
- 3.09 Renew manhole cover and frame

4.00 Green Keepers Implement Shed

- 4.01 Renew glass g.w. cast to side high level window
- 4.02 Repoint and flaunch chimney stack
- 4.03 Renew 2 small windows at the rear of the building toilet wash room area
- 4.04 Renew oversink water heater to mess room
- 4.05 Supply and fit 2 number 150 x 150 x 6 mm hollow section posts 1 either side of roller shutter to prevent further damage to brickwork

5.00 Car Park

Car park area and entrance in general is in too bad a state to repair. Renewal of tarmac surface hardcore and drainage channels to a specification agreed with the Councils Facilities Dept within 3 years of occupancy or as necessary for reasons of Health and Safety, whichever is soonest.

6.00 Desirable work to be carried out within the first 10 years of taking occupation or as necessary, whichever is soonest.

6.01 Golf Clubhouse/Golfers Inn.

6.02 Remove garage/store doors build up in block work with cavity – render to the same area and masonry painted to the same

6.03 Side elevation renew combination door and frame to match existing (door to be of mortice and tenon construction and not doweled)

7.00 Green Keepers Implement Shed

7.01 Renew rear store room door and frame. F.L.B. construction with steel facing plate door to be of mortice and tenon construction.

7.02 Renew washers to wash hand basin and sink unit

7.03 Renew 9 number flurry 1.8m light fittings to main shed

7.04 Renew door and frame to the pump house area, door to be morticed and tenoned not doweled F.L.B construction

7.05 Renew 2 number 1.2m single flurry fittings to mess room

7.06 Remove and replace Dauntless shires low level cistern to toilet off mess room (existing cistern contains asbestos so must be removed in line with H.S.E. guidance)

8.00 Golf Clubhouse/Golfers Inn. - Upper floors

Fully refurbish upper floors including rewiring, redecoration, re carpeting and general improvements to a specification to be agreed with the Borough Councils Facilities Dept. and to a timetable to be agreed with the Council in line with the proposers business development plan

DRAFT REPORT TO CABINET

16th October 2013

KEELE GOLF CENTRE, KEELE ROAD, NEWCASTLE-UNDER-LYME – SECURING A SPECIALIST GOLF COMPANY OPERATOR TO TAKE ON A NEW LEASE

Submitted by: Executive Director, Regeneration & Development

Portfolio: Economic Development, Regeneration and Town Centres

Ward(s) affected: Keele, Silverdale and Parksite

Purpose of the Report

To obtain Cabinet's decision on the selection of a new operator and approval to the grant of a new lease of the golf centre at Keele on the terms outlined in this report.

Recommendation(s)

1. That members accept the outcome of the bidding process and the offer from Company B for a new 25 year full repairing and insuring lease containing options to break with rent based upon a percentage of turnover.
2. That officers be authorised to complete a new lease with Company B on the terms summarised both within the report and at Appendix 3 (the appendix is not for publication as it contains exempt information as defined in paragraph 3 of Schedule 12A of Part I of the Local Government Act 1972).

Reasons

Following a competitive bidding process, Company B submitted the best overall offer to justify the Council offering a lease on the terms described in the report. Additionally the offer from Company B is considered to represent market rental value and will provide for much needed investment in improvements to the golf course and premises.

The leasehold disposal is in accordance with both the Council's Asset Management Strategy and Capital Strategy.

1. Background

- 1.1. The Council managed and operated a municipal golf activity at Keele until 2003 after which time it was considered appropriate to do so by way of a lease to a specialist commercial golf operator. Keele Golf Centre Limited (K.G.C.Ltd), was subsequently selected as the tenant operator and on 1 April 2003 was granted a 25 year lease of the property.

- 1.2. Following several years of difficult trading conditions K.G.C.Ltd. was placed into creditors' voluntary liquidation on 21 March 2013. The Liquidator, in discharging his responsibilities, took steps to formally disclaim the commercial lease in relation to the golf centre with effect from 1 May 2013.
- 1.3. After the tenant's demise, Members instructed that interim course maintenance and management arrangements were established to enable ongoing pay-as-you-play municipal golf whilst a new tenant operator was sought.

2. Issues

- 2.1. A group of officers, from relevant professional discipline(s) and having appropriate experience, was set up to work under the direction of E.M.T. with the aim of securing an operator able to deliver a commercially viable municipal golf offer at Keele Golf Course. A work programme and timeline was established with officers proceeding to implement a formal, competitive two-stage 'hybrid procurement process'.
- 2.2. The first stage of the process was the production of an Expression of Interest Questionnaire (E.I.Q.) the purpose of which was to establish and confirm interested parties bona fides and abilities to operate the Keele Golf Centre. A copy of the questionnaire can be found at Appendix 1.
- 2.3. Following production of the E.I.Q. advertisements were placed with appropriate national property and leisure publications and their associated marketing websites. Interested parties were subsequently sent a copy of the E.I.Q. for completion and return by 12 July 2013.
- 2.4. Whilst twelve E.I.Q.s were sent out, only three, being from;
 - (i) Company A
 - (ii) Company B and;
 - (iii) Company Cwere completed and returned by the closing date.

(NB. The names of the companies have not been disclosed for reasons of commercial sensitivity and in view of the fact that the decision-making process is not yet complete).
- 2.5. The completed returns were evaluated (including financial & company 'health checks.') by officers. All were found to satisfy the stage 1, E.I.Q. selection criteria and in consultation with relevant members (23 July 2013) it was decided to invite all three to submit stage 2 bids.
- 2.6. A stage 2 documentation pack, comprising an 'Invitation to Submit an Offer for Lease' was prepared in liaison with members. In summary, set out within the document were a number of options and key required outputs, upon which applicants were asked to make a bid. These options related to the length of lease (10 or 25 years) and basis for deriving annual rental, being either (i) a lump sum, (ii) percentage of turnover or a combination of (i) & (ii).

The selection criteria for evaluating bids were twofold, financial and quality (the detail is set out in Appendix 3).

2.7. The stage 2 documentation packs were sent out to the three short listed bidders 25 July 2013 with completed returns required by 19 August 2013.

2.8. Two bids were received by the closing date, from Company A and Company B.

The third invitee, Company C advised it had made the commercial decision not to bid.

2.9. An officer evaluation panel, began scoring the submissions in line with stage 2 selection criteria. Initial moderation of scores (3 September 2013) by the panel identified the need for responses from both bidders to various issues within their submissions that required clarification. These queries and subsequent responses were received at presentation interviews on 9 September 2013. The panel's moderated scores were then subjected to critical review by the Executive Director of Resources & Support Services.

3. Options for consideration

3.1 The key options for Member's consideration are:

- (a) To grant a 10 year full repairing and insuring lease
- (b) To grant a 25 year full repairing and insuring lease with no option(s) to break
- (c) To grant a 25 year full repairing and insuring lease containing option(s) to break.

In the case of (a), (b) and (c) above for rental payments to be either;

- (i) A fixed annual sum.
- (ii) A percentage of gross (annual) turnover.
- (iii) A combination of (i) and (ii) above.

4. Proposal(s)

4.1 The two bidders submitted financial proposals (supported by business plans) based upon the key options referred to at 3.1 above and which are set out in confidential appendix 3. Based on submissions it can be seen that the offer(s) from Company B provide a higher annual revenue stream, irrespective of the length of lease or inclusion / exclusion of an option(s) to break.

4.2 In addition both bidders have provided responses as to how they would deal with all of the quality elements contained in the stage 2 submission pack, i.e. centre management, maintenance & development. Their detailed responses covered buildings and course maintenance and repair, day to day operational management, proposals for future improvements, developments and confirmation of agreement to Heads of Terms.

4.3 In the case of a 25 year lease, the rationale for the inclusion of an option to break in is to protect the respective parties' interests, i.e. whereby they are permitted to bring the agreement to an end in certain reasonably foreseen, prescribed circumstances. – see example referred to in the stage 2 pack, 'Invitation to Submit an Offer for Lease'. It is anticipated that the circumstances giving rise to the council deciding to exercise such an option would only occur where there is opportunity of realising significant (most

probably financial) benefits from doing so. It should be noted that both applicants have advised that they would require a level of re-imburement of monies invested on repairs if the council decides to exercise its option to break after 10+ years. The confidential appendix 3 will explain this matter in further detail.

4.4 The officer evaluation panel have carefully considered all of the information contained within the bidders' submissions and clarification responses and scored this according to the stated selection criteria.

4.5 The panel's moderated scores are as follows;

Name	Weighted Quality Score	Weighted Financial Score	Total
Company A	156	168	324
Company B	152	219	371

5. Reasons for Preferred Solution

5.1 It can be seen from 4.5 above that from an evaluated 'quality scored bid perspective' there is little between the two submissions. However the bid from Company B provides the council with a significantly higher rental income stream throughout the term of the lease, irrespective of its length and particularly so in the case of a rent based on turnover. Furthermore the submission is more aspirational in terms of ideas and proposals for the development of the course and golf centre offer.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1 The proposed arrangement should contribute positively towards the Council's priorities relating to the creation of both Active and Cohesive Communities and a Borough of Opportunity.

7. Legal and Statutory Implications

7.1 The Council is not under any statutory duty as regards the provision of golf but is under a duty to seek 'best consideration' when disposing of any interest in land.

8. Equality Impact Assessment

8.1 No discernable differential impact has been identified by the leasehold disposal of the golf centre.

9. Financial and Resource Implications

9.1 An annual rental income stream will be derived from the leasehold disposal of the golf centre and the grant of a 25-year, as opposed to 10 year lease, means that this should be obtained for a longer period.

- 9.2 The disposal of the golf centre by way of lease will relieve the council of having to meet the net costs arising from the interim management and maintenance arrangements.
- 9.3 The grant of a 25 year lease, as opposed to 10 years provides encouragement for the tenant to invest in improvements. Hence there is increased opportunity for the tenant to obtain a return on its investment and from which the council will also benefit in the case of a turnover rent.

10. Major Risks

- 10.1 Delay in securing a new tenant operator will result in the council having to meet the net costs of continuing with any continuing interim course maintenance and management arrangements.
- 10.2 Failure to include an option to break in the grant of a new 25 year lease would delay or may event prevent the opportunity of a future change of circumstances being realised.
- 10.3 Failure to secure a competent golf operator would jeopardise the development of golf for the benefit of the local community.

11. Key Decision Information

- 11.1 This leasehold disposal will, upon completion, provide an annual revenue receipt for the council.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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