

## **Briefing Note to Transformation and Resources Overview and Scrutiny Committee**

**22 July 2013**

### **Keele Golf Course**

#### **Background**

At the last meeting of the Transformation and Resources Overview and Scrutiny Committee members received a report on the interim maintenance and management arrangements for Keele Golf Course. Members requested a further report outlining the financial position.

On 21 March 2013 the operating company at Keele Golf Course went into voluntary liquidation but continued to operate as trespassers until the liquidator passed back the lease to the Council on 1 May 2013. The trespass was permitted to ensure a continuation of service and prevent the course closing prior to the lease being disclaimed and new interim arrangements being put in place while another operator was secured.

Glendale Managed Services were asked to quote for grounds maintenance at the course and also separately for managing the golf course. As 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 give the opportunity to audit the operation prior to the interim contractor starting.

#### **Financial Position**

Under the terms of the current interim arrangements the Council retain all income from the course but are responsible for the costs of operation. The intention is to manage costs so that they are covered where possible by income. Income is generated from green fees and ancillary sales and the associated costs, which include National Non Domestic Rates, Utility Charges, Repairs and Maintenance (including statutory inspections), Grounds Maintenance Contract, Management Fee, and other direct costs (including golf shop staff, golf buggy leases, insurance etc.)

The costs incurred together with the income received to date are shown in the following table:

<b>Cost /Income</b>	<b>May 2013</b>	<b>June 2013</b>	<b>Total</b>	<b>Notes</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
<b><i>Expenditure</i></b>				
Grounds Maintenance	11,864	16,056	27,920	1
Operational Costs	9,096	9,938	19,034	2
Business Rates	1,766	1,766	3,532	
Telephone	50	50	100	3
Electricity	500	500	1,000	3
Water	212	212	424	
Gas	600	600	1,200	3
<b>Total Expenditure</b>	<b>24,088</b>	<b>29,122</b>	<b>53,210</b>	
<b><i>Income</i></b>				
Green Fees	15,334	18,242	33,576	
Season Ticket Sales	451	1,829	2,280	
Hire of trollies / buggies	316	1,643	1,959	
Other Income	907	1,208	2,115	
<b>Total Income</b>	<b>17,008</b>	<b>22,922</b>	<b>39,930</b>	
<b>Net Cost</b>	<b>7,080</b>	<b>6,200</b>	<b>13,280</b>	

Notes:

1. May expenditure was for part month only.
2. These costs relate to management fees, direct staffing costs and other items such as scorecards, buggy hire and fuel for the buggies.
3. These are estimates only as no invoices have yet been received.

In addition, a number of one off ie setting up costs have been incurred. These are as follows:

	£
Annual Golf Course Report	1,910
Removal of Rubbish	1,557
Joinery and removal and replacement of locks	1,787
Brickwork and Steel Girders	946
Decommission of showers	100
Inspection and testing of lighting	60
<b>Total</b>	<b>6,360</b>

The figures show a net operating cost of £13,280 (plus £6,360 one off costs) has been incurred for the first 2 months of operation. However, the months that traditionally generate the most income on a golf course are July, August and the first part of September. It is hoped that this additional income will

cover the costs incurred to date. In addition, discussions have been held with Glendale resulting in reductions in both grounds maintenance costs and course operations expenditure over the coming months.

It should also be borne in mind that had the Council not maintained continuity of the course operations, that significant holding costs would have been incurred in securing the site.

Further updates will be provided to the committee.

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