

PERTH AND KINROSS COUNCIL

Environment and Infrastructure Committee

7 November 2018

North Inch Golf Course Annual Report 2017/18

Report by Executive Director (Housing and Environment) (18/369)

This report brings forward the North Inch Golf Course - Annual Report 2017/18, based on the previously approved Business Plan.

1. BACKGROUND / MAIN ISSUES

- 1.1 In March 2016, the Environment Committee approved the North Inch Golf Course – Business Plan (Report No.16/141 refers). The business plan was developed in order to deliver an improving service that reflects the demands of its users, while providing Best Value.
- 1.2 The North Inch Golf Course Business Plan primarily focuses on retaining and strengthening the relationship with existing users through continuous consultation. This is to ensure that the golf course remains both affordable, accessible and enjoyable to play, while adding further value through season tickets.
- 1.3 It also emphasises the need to gain new customers by raising awareness of the North Inch Golf Course within the catchment area, as well as targeting the Perthshire visitor market.
- 1.4 Over the 6 year period, it sets out an action plan for both promoting and developing the course. This is with a view to improving the users' perception of the course, reducing the operating deficit and aspiring to achieve full cost recovery.
- 1.5 In terms of delivering these objectives, the aim of the North Inch Golf Course is to provide a well maintained, accessible and affordable golf facility. Promoting a family centred, healthy lifestyle in a friendly and relaxed atmosphere, the focus of the business plan is on the following core areas of:
 - golf course maintenance
 - attracting and retaining season ticket holders
 - visitor golfers
 - partnerships and outreach
 - creating new golfers – ladies, gents & juniors
- 1.6 For each of these core areas, Key Performance Indicators (KPIs) were developed to determine whether the objectives are on track. These are reported on later in this section.

- 1.7 At a national level, golf in Scotland finds itself at a crossroads. In the last decade, the number of adult playing members has decreased from 220,000 in 2007 to 173,000 in 2017, offset by an estimated 750,000 non-members who play the game in Scotland every year.
- 1.8 In addition, almost 90% of registered members of Scottish golf clubs are age 35 or over, with the majority of members between the age of 55 and 74.
- 1.9 Golf in Scotland requires a new direction to provide greater opportunity for investment and growth to support clubs and players at all levels. Recent years has seen ever decreasing resources being invested in golf in Scotland from membership affiliation income, commercial revenue and funding partners. Scottish Golf have developed a new Scottish Golf Strategy for 2019-2022
- 1.10 Already, the recent merger of the Scottish Golf Union and Scottish Ladies' Golfing Association has given Scottish Golf a platform on which to undertake the next phase of the modernisation programme. This includes significant growth in revenue generating investment, to deliver the following by 2022, through the Scottish Golf Mission:

- **Stronger clubs at the heart of their community.**

The Council is working with the North Inch Golf Course User Group and the Perth Artisan Golf Club with a view to potentially move the operation of the golf course to the Perth Artisan Clubhouse, located next to the second tee. The current golf starter's box is inadequate for the continued development of the golf course. There are currently no welfare facilities for staff or users, no running water and no meeting space. The Perth Artisan clubhouse has changing rooms, welfare facilities (gents and ladies) and a club room which can seat around 30 people. The clubhouse is currently underutilised and Perth Artisan Golf Club are keen to see it used to its full potential. The Council has been consulting locally about this and, if acceptable, a trial providing the starter function from the clubhouse is proposed for the Spring of 2019. The golf hole numbers would be realigned with the new 1st hole at the clubhouse. The clubhouse would afford a meeting space that all golfers could utilise before and after play to socialise. This space would also be used for our junior and beginner golfer groups.

- The Golf Course Maintenance contract ended on 31 March 2018. As part of our procurement strategy, we investigated the options of either going back out to private contract, via a tender process, or bringing the maintenance back in house. Research and investigation of market conditions indicated that the budget costs, if going to private contract, would be significantly higher than the previous award price. To achieve best value, it was, therefore, decided to bring the course maintenance back in house and manage it within the existing approved budget. The existing green keeping staff have transferred into Council employment and become part of the Community Greenspace team, working under

the direction of the Golf Course Officer. With this in-house operation, capacity has been added, allowing a wider scope of works to be carried out, particularly during winter months. This means that remedial and improvement works can be undertaken which would have previously attracted additional costs. The in-house operation also allows the option to explore opportunities with local golf clubs to share resources, such as specialised maintenance equipment.

- **To grow the number of people playing golf**
 - North Inch Golf Course has grown its junior season ticket holders from only 5, to almost 70 during the past 3 years. Weekly coaching sessions are held for young golfers along with Easter and Summer golf camps. A 'Young Adult' category of season ticket has also been introduced to attract the under represented 19 to 29 year old players. Over a 3 year period, we have increased our overall season ticket holder numbers from 175 to 334 (90%).
- **To develop winning golfers as great role models and to lead and influence positive change within the game**
 - We run introductory golf lessons as part of our 'Get into Golf' season ticket. These sessions are open to both gents and ladies and we see this as a great way to bring the entire family to golf. This will help nurture our new golfers into potential competitive players in the future.
 - A 'Golf Memories' group is also run in conjunction with Alzheimer Scotland. Golf Memories gives dementia sufferers the opportunity to play the game they previously enjoyed but had to give up. The group feel achievement through their play and are competitive in the weekly putting competition. These sessions run 44 weeks per year.
- **To harness golf and The Home of Golf's broad appeal to attract new audiences and investment**
 - North Inch Golf Course is a member of 'Golf Perthshire' which is a joint marketing group made up of Perthshire Golf Clubs, accommodation providers and visitor attractions. For 2018 and beyond, Perthshire is to be marketed as the world's most 'family friendly' golf destination. Every golf club in the county has agreed to offer discounted family green fee tickets and at North Inch we enhance this by offering free golf club hire to both adults and juniors. Our Golf Course Officer has recently become Chairman of Golf Perthshire.
 - With the Solheim Cup coming to Gleneagles in 2019, we are working, in conjunction with North Inch Golf User Group, to grow and develop golf on the North Inch. This is a significant opportunity to benefit from the profile that Perthshire golf will have as a result of the event. As the only public municipal golf course in Perth and Kinross, we plan to develop the game by taking North Inch golf to the local community.

Plans are progressing in respect of holding a hickory golf day during the week of the Solheim Cup. This will highlight the history of North Inch Golf Course, with participants playing golf using historic wooden shafted clubs.

- Our 9 hole FootGolf Course has proven popular but due to being located on part of the main golf course, this has restricted potential opening hours. FootGolf is one of the fastest growing sports in the UK. The game is played in the same way as golf, except players use a football instead of a golf ball, and the ball is kicked rather than struck by a club, working towards a 21 inch 'CUP' which is placed away from the golf course greens. FootGolf helps bring new potential players to golf and promotes health and wellbeing. A new 9 hole FootGolf course located directly adjacent to the 1st hole of the golf course, and available 7 days a week, was therefore opened in June 2018. This has proven very popular over the summer months, with 854 rounds played.

- 1.12 The summer of 2017 saw unprecedented levels of rainfall, with June, July and August seeing 204% of average rain fall during these three months (the most rain for 90 years). Despite the extreme wet weather, the number of rounds played and income generated closely matched 2016/17 (£82,454 vs £79,123), indicating that a more normal weather pattern would have produced the level of predicted growth. This has been exemplified by current 'year to date' revenue figures which are tracking at 25% ahead of 2017/18, with better weather resulting in increased usage.
- 1.13 At the Council's revenue budget setting meeting in February 2018 (Report No.18/47 refers), it was agreed to remove the North Inch Golf Course subsidy in financial year 2020/21, therefore moving the operation of the course to full cost recovery model. In line with the North Inch Golf Course business plan, and with the objective of attaining full cost recovery, annual season ticket prices will need to increase by 15-20% in both financial years 2019/20 and 2020/21. Current season ticket prices are approximately 50%, or less, than local private member club fees. With the improved condition of North Inch Golf Course, it is believed that the proposed increase in costs will remain exceptional value for money and will still only reach 65% of private club fees, even if they do not also increase their costs.
- 1.14 As a Local Authority run golf course, North Inch has been at a competitive disadvantage to private non-profit-making golf clubs that have been exempt from charging VAT. Our prices for both season tickets and daily play green fees have been inclusive of VAT at 20%, effectively resulting in a 16.7% reduction in revenue. A recent case brought by The London Borough of Ealing* has resulted in HMRC accepting that Local Authorities should also be exempt from charging VAT on sporting services, including golf. They have also accepted that Local Authorities may recover any overpaid VAT as a result of having treated the supplies as taxable rather than exempt.
- * The London Borough of Ealing vs HMRC (Case C 633/15)

- 1.15 From 1 April 2018, VAT has no longer been charged on annual season tickets or daily green fees, with the agreed price remaining the same to the customer. This is to support the move to full cost recovery as outlined in section 1.13.
- 1.16 This is due to golf fee prices being market led, irrelevant of whether VAT is included or exempt and with the objective of attaining full cost recovery. As outlined in 1.13 and in line with the North Inch Golf Course business plan, we expect a rise of 15-20% on season ticket prices in both financial years 2019/20 and 2020/21.

2. PROPOSALS

- 2.1 In order to keep the Committee informed of progress against the business plan, it was agreed that annual reports be brought before the Committee in November each year, covering the preceding financial year. This annual report for 2017/18 (Appendix 2) highlights a favourable performance against the Key Performance Indicators in the Business Plan, including season ticket holder levels, visitor rounds and actual income against the financial projections. A summary is provided in Appendix 1.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The implementation of the 6 year North Inch Golf Course business plan has seen increased levels of income along with positive reviews of the North Inch Golf Course. This is in line with projections within the business plan at this stage.
- 3.2 It is recommended that the Committee:
- i. endorses the North Inch Golf Course Annual Report 2017/18.
 - ii. requests that the Executive Director (Housing and Environment) brings the 2018/19 Annual Report to Environment and Infrastructure Committee in November 2019.

Authors

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan

- 1.1 This section sets out how the proposals relate to the delivery of the Perth and Kinross Community in terms of the following priorities:
- (i) Giving every child the best start in life
 - (ii) Developing educated, responsible and informed citizens
 - (iii) Promoting a prosperous, inclusive and sustainable economy
 - (iv) Supporting people to lead independent, healthy and active lives
 - (v) Creating a safe and sustainable place for future generations
- 1.2 This report relates to (i) to (v) above by providing a well maintained, accessible and affordable golf facility. Promoting a family centred, healthy lifestyle in a friendly and relaxed atmosphere.

Corporate Plan

- 1.3 This section sets out how the proposals relate to the achievement of the Council's Corporate Plan Priorities:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.4 This report relates to (i) to (v) above by providing a well maintained, accessible and affordable golf facility. Promoting a family centred, healthy lifestyle in a friendly and relaxed atmosphere.

2. Resource Implications

Financial

- 2.1 There are no resource implications arising from the report outwith the existing budget for the North Inch Golf Course.

Workforce

- 2.2 There are no workforce implications arising from the report.

Asset Management (land, property, IT)

- 2.3 The potential shared use of the Perth Artisans clubhouse would see improved welfare facilities for staff and users.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups.
- 3.2 Carrying out Equality Impact Assessments for plans and policies allow the Council to demonstrate that it is meeting these duties.
- 3.3 The function, policy, procedure or strategy presented in the Perth and Kinross Waste Management Plan 2010-2025 report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- Assessed as relevant for the purposes of EqIA, with a positive impact, that retention of the North Inch Golf Course supports less mobile golfers, due to the Course's relatively short distance and flat topography.

Strategic Environmental Assessment

- 3.4 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The proposals have been assessed in terms of the requirements to manage the Council's Greenspace assets in a sustainable long term way.

Legal and Governance

- 3.7 The Head of Legal and Governance, the Head of Finance and the Head of Democratic Services have been consulted on the content of this report.

Risk

- 3.8 The business plan will be subject to influences from the wider golf market.

4. CONSULTATION

Internal

- 4.1 The Head of Legal and Governance, the Head of Democratic Services and the Head of Finance have been consulted on the content of this report.

External

- 4.2 The North Inch Golf Course User group have been consulted.

5. COMMUNICATION

- 5.1 The Annual Report will be communicated to the North Inch Golf Clubs and Users.

2. BACKGROUND PAPERS

2.1 The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above Report; (list papers concerned).

- Report to the Environment Committee in March 2016 entitled North Inch Golf Course – Business Plan (Report Number 16/141)
- Report to the Environment, Enterprise and Infrastructure Committee in November 2017 entitled North Inch Golf Course Annual Report 2016-17 (Report Number 17/368)

3. APPENDICES

3.1 Appendix 1: North Inch Golf Course Performance Summary Report 2017/18

3.2 Appendix 2: North Inch Golf Course Annual Report 2017/18