

City of Belfast Golf Course –

Facility Management Agreement

The Sub-Committee considered the undernoted report in relation to proposed options for a Facility Management Agreement at the City of Belfast Golf Course:

C Client Services (Parks and Amenities) Sub-Committee,

2718 Tuesday, 10th August, 2004

"Purpose of Report

To report to Sub-Committee on the proposed options for facilities management at the City of Belfast Golf Course, Mallusk.

Background

The Council agreed in 2003 to seek applications by public advertisement from those organisations wishing to enter into a Facility Management Agreement with the Council in respect of the City of Belfast Golf Course. The Sub-Committee agreed further not to take a decision in respect of the club house in the interim.

The proposal was advertised and only one appropriate application was received. The application was the golf club associated with the City of Belfast Golf Course, Mallusk Golf Club. Mallusk Golf Club was then asked to submit a proposal for the site to ensure they met the necessary evaluation standards to be allowed to be considered for the facility management of the site.

The proposal was evaluated for experience and qualifications, outline proposals for the site, membership of relevant golfing bodies and ideas for increasing course usage and community involvement.

Current Position

The estimated net annual cost of operating the City of Belfast Golf Course by Belfast City Council is currently £129,040 (2004/05).

Only Mallusk Golf Club met the required standard to be considered for the provision of the service. The Club was requested to consider 3 options for service provision:-

Option 1 Administration and management of the golf course including light maintenance of the existing club house and car park area.

Option 2 Administration and management of the golf course, maintenance of the club house, car park area etc plus part of the ground maintenance work;

Option 3 Administration and management of the golf course, maintenance of the club house, car park area etc, part of the course grounds maintenance and the potential for development of a new club house.

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From the Council's point of view there is a desire to reduce the cost of running the golf course, so other possible options which may need to be reconsidered are:-

Option 4 Continue current management system of the Club.

Option 5 Closure of the site as a golf course and management of the site as public open space;

Option 6 Disposal of the land and buildings;

Option 7 Leasing/hiring the facility to some organisation with them having full responsibility for its upkeep.

These last 4 options have not been reviewed in detail for this report on facilities management element, however Members may feel these options should be considered in the overall context of the situation.

Resources

The rationale for offering the facility out to external management was to achieve cost savings on the operation of the site and increase site use. The financial implications on entering into a facility management agreement with Mallusk Golf Club depends on which option is being considered.

Environmental Implications

The adoption of options 1 or 2 should have a neutral environmental impact on the site, as the same operations and work will be undertaken. However if option 3 is adopted and a new club house built this would have an initial negative impact, however in the longer term the site should have a more sustainable building. Options 4-6 depending on the proposal details would need assessed later if it was felt that they should be reconsidered.

Proposals

The estimated net annual cost of operating the City of Belfast Golf Course by Belfast City Council is currently £129,040 (2004/05).

Option 1

Administration and management of the golf course including light maintenance of the existing club house, car park area by the Golf Club.

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Under this option all income would be retained by the Club with the Council continuing to incur all maintenance costs, excluding light maintenance. These maintenance costs are outlined below:-

Grounds Maintenance	£106,000
Repairs	£9,900
Equipment	£27,610
Total:	£143,510

This option would increase the current cost to the Council by £14,470 per annum and would therefore be considered ruled out at this stage unless an agreement could be reached with the Golf Club for the Council to retain a proportion of the income received to reduce the net cost to BCC further.

Option 2

Administration and management of the golf course, maintenance of the club house, car park area etc plus part of the grounds maintenance work.

Under this option all income would be retained by the Mallusk Golf Club and the Club would assume responsibility for 60% of the grounds maintenance work together with Club House repairs. The Council would incur 40% of Grounds Maintenance costs estimated at £43,096 per annum (2004/05) plus an annual management fee payable to the Club of £30,000 per annum (2004/05), resulting in a total annual cost to the Council of £73,096 (2004/05).

This option would therefore provide estimated savings of £55,944 per annum.

If option 2 is selected there may be the opportunity to share in the profits of Mallusk Golf Club which are predicted by the Club to rise considerably from 2006/07 onwards. However it should be noted that the business case presented by the Mallusk Golf Club for option 2, shows the Club reducing current maintenance costs by a substantial margin. This includes reducing grounds maintenance costs by 73%, building maintenance costs by 49% and equipment costs by 37%. We are not in a position to comment on the likelihood of these reductions actually being achieved however if these savings are not achieved they would have a significant impact on the annual running costs incurred by the Mallusk Golf Club and associated net profit or loss.

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Option 3

Administration and management of the golf course, maintenance of the club house, car park area etc, part of the course grounds maintenance and the potential for development of a new club house.

Detailed financial projections were not prepared by the Golf Club for this option, as a new club house would be financed mainly by grant or a commercial mortgage. This would require agreement of Council to enter into longer term agreements with the club, to ensure the necessary security required by a funder. If Option 2 was agreed, there may be sufficient cash resources available to enable Mallusk Golf Club to make a contribution towards the new construction if required.

Option 4

Continue current management system of the Club.

Advantage: Retain grounds maintenance work and open space but costs continue.

Disadvantage: Less ownership of site by site users. Current net running costs of £129,040 (2004/05) incurred by the Council.

Option 5

Closure of the site as a golf course and management of the site as public open space.

Advantage: Retain grounds maintenance work and open space but reduce level of costs.

Disadvantage: The closure of a valued golf course; Would be of most value to Newtownabbey residents.

Option 6

Disposal of the land and building.

Advantage: Removal of current running costs and possibility of substantial capital receipt from disposal.

Disadvantage: Loss of staff, open space and site not yet zoned for building, therefore land may currently not be that valuable.

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Option 7

Leasing/hiring the facility to some organisation with it having full responsibility for its upkeep.

Advantage: May lead to a reduction in costs.

Disadvantage: Time delay on decision.

No certainty that there is any other interested parties.

Asset tied up for a period of time Staffing implications.

Conclusions

The financial benefits are only one element under consideration in this issue and may not be the main driver. However on the basis of the financial assessment of the three options considered by Mallusk Golf Club against the Council's current running costs for the facility, option 2 would be the most advantageous for the Council from a financial perspective, providing estimated savings of £55,955 per annum.

However Members may also wish to consider the additional options outlined above before reaching a conclusion on the matter.

It should also be noted that consideration of the employment position of those staff currently based at City of Belfast Golf Course would require consideration by the Human Resources Section and the Legal Services Department should the facilities management of the City of Belfast Golf Course be transferred to Mallusk Golf Club.

Action Required by Required by Members

The Sub-Committee is asked to consider the above options for the future operation of the City of Belfast Golf Club."

After discussion, the Sub-Committee agreed to adopt Option 2 contained within the foregoing report.