

**MAIDSTONE BOROUGH COUNCIL**  
**COBTREE MANOR ESTATE COMMITTEE**

**13<sup>th</sup> NOVEMBER 2013**

**REPORT OF THE COBTREE OFFICER**

**Report prepared by Jason Taylor, Parks and Leisure Manager**

**1. Cobtree Manor Park Golf Course One Year Contract Extension**

1.1 Issue for Decision

- 1.1.1 To consider entering into a one year extension to the current contract between the council as corporate trustee of the Cobtree Manor Estate Charity and the operator of Cobtree Manor Park Golf Course and also to give officers authority to investigate the options around entering into considerably longer term future arrangements of the golf course and report back to the committee with recommendations.

1.2 Reason for Urgency

- 1.2.1 The reason for urgency is that terms were finally agreed with the existing contractor on Thursday 8<sup>th</sup> November. The current contract term ends on 8<sup>th</sup> January 2014 and a decision is required before then to enable the legal documentation to be completed.

1.3 Recommendation of Cobtree Officer

That the Committee agrees to a one year extension to the current contract relating to the operation of Cobtree Manor Park Golf Course on the current terms which apply other than as detailed in the Exempt Appendix, for the reasons set out below;

- 1.3.1 That, if this extension is agreed, the Head of Legal Services be given delegated authority to agree a supplemental agreement with the current operator.
- 1.3.2 That officers be given authority to investigate the options for future arrangements being considerably longer term in respect of Cobtree Manor Park Golf Course and reporting back to the Committee with recommendations.

#### 1.4 Reasons for Recommendation

- 1.4.1 The current contract to operate Cobtree Manor Park Golf Course was awarded to Mytime Active ("Mytime") following a comprehensive tender process in 2009. This 5 year contract expires on January 8<sup>th</sup> 2014. ("the Contract")
- 1.4.2 The Contract stipulated an initial period of 5 years with a possible 5 year extension on the same terms. Mytime had implied from the start of the contract that it had intended to take the 5 year extension until early this year when it asked to renegotiate as it did not consider the current terms to be commercially viable any longer.
- 1.4.3 Following a number of meetings and negotiations with Mytime it became apparent in early September this year that a longer term agreement for the further 5 year period that was acceptable to Mytime was not going to be achievable.
- 1.4.4 Due to the lateness of this final decision in September 2013 by Mytime and following discussions with both the Council's Procurement and Legal Sections, officers were faced with three options. These being:
- 1.4.5 **Option 1**  
To close the golf course on January 8<sup>th</sup> 2014 and retender the contract to operate the golf course. This would take a minimum of 6 months plus at least another 2 months for a new operator to mobilize. In this time the golf course would be closed, not be maintained, not delivering any revenue return to the charity, and indeed be incurring cost for the basic maintenance to the clubhouse and the course (for example security and health and safety).
- 1.4.6 **Option 2**  
For the council to take the operation of the golf course back in house for at least 8 months to allow re-tendering to take place. This would not only involve acquiring golf course maintenance and catering plant and machinery it would also be necessary for staff currently working at the golf course to be TUPE'd to the council for 8 months and then again be transferred to another operator following the tender process. This process would be disruptive to customers, expensive, time consuming and very unsettling for staff.
- 1.4.7 **Option 3**  
To come to an agreement with the existing operator for it to continue to run the course for a further year, which will give officers the time to carry out the tender process.
- 1.4.8 Option 3 as the preferred option was discussed with Mytime, who confirmed they would be prepared to run the golf course for an

additional year; however they would not be prepared to do this at a financial loss to Mytime (which is itself a company limited by guarantee and a registered charity).

A summary of the financial performance of Cobtree Manor Park Golf Course for the first three years of the contract and estimates of performance this year and next are shown in the Exempt Appendix Item 2.

1.4.9 Mytime produced its audited accounts which were scrutinized by the charity's accountant and verified as accurate. These audited accounts show a decreasing income which has led officers to recommend that accepting a reduced contract sum as shown in Exempt Appendix Item 1 for one year is the best of the three options.

1.4.10 The Contract with Mytime has a profit share arrangement, as set out in Exempt Appendix Item 3. This arrangement will remain in the Contract and will ensure that if the golf course has a far better than expected year in 2014 then the charity will share in this additional income.

1.4.11 All evidence seen by officers suggests that the golf market has changed considerably in the last 5 years, and that it is likely that if a similar tender process, to that carried out in 2009, were carried out now then it is likely that future contract sums paid to the charity will be considerably reduced.

1.4.12 For this reason it is recommended that officers investigate looking for future arrangements to be considerably longer term. This will allow parties interested in operating Cobtree Manor Park Golf Course time to see a return on any capital investments they make and indeed consider complementary and alternative uses to sit alongside the golf course, such as hotels, wedding functions and the like. This should result in more ambitious proposals being received, leading to better returns for the charity.

#### 1.5 Alternative Action and why not Recommended

1.5.1 The Committee could choose to go with options 1 or 2, but these are not recommended as they are not considered to be in the best interest of the Charity, the staff, the users or members of the golf course.

#### 1.6 Impact on Corporate Objectives

1.6.1 Ensuring the operation of Cobtree Manor Park Golf Course will ensure that the golf course continues as a viable business, providing future financial income to fulfill the charity's objectives. This income is used to support other areas of the Cobtree Estate including Cobtree Manor Park and Kent Life.

## 1.7 Risk Management

- 1.7.1 By agreeing a fixed reduction in the contract sum paid to the charity for 1 year the financial risk that the charity is exposed to is minimized.
- 1.7.2 Overall the charity's income will still exceed its outgoings even after this reduction, so the financial risk to the charity is minimal.
- 1.7.3 If the golf course was to close or the Council were to step in and take over the running of the golf course on January 8<sup>th</sup> 2014, there is a very high risk that users would go elsewhere and possibly not come back. By continuing with the current operator the risk of serious damage to the business is considered to be greatly reduced.

## 1.8 Other Implications

### 1.8.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety
7. Human Rights Act
8. Procurement
9. Asset Management

X
X
X
X
X

### 1.9 Financial Implications

The Charity will receive a reduction in income from the golf course for 1 year from January 2014. The Charity's accountant has reviewed this and estimates that the charity's income will continue to exceed its outgoings during this period even after taking into account this reduction, leaving the charity's accounts still in credit.

### 1.10 Staffing Implications

By continuing with the current operator the short term TUPE transfer of staff will not be required, thus avoiding any unnecessary disruption

and difficulties that this could cause.

1.11 Legal Implications

A supplemental agreement to the existing contract would be required.

1.12 Procurement Implications

The retendering of the golf course will require considerable involvement from procurement for a minimum of 6 months.

1.13 Asset Management Implications

Longer term arrangements should encourage future operators to invest in large scale improvements to the golf course and club house.

1.14 Relevant Documents

1.14.1 Appendices

Appendix 1 – Exempt Appendix.

1.14.2 Background Documents

**IS THIS A KEY DECISION REPORT?**

Yes

☐

No

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If yes, when did it first appear in the Forward Plan?

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This is a Key Decision because: .....

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Wards/Parishes affected: .....

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