

# **REPORT FOR GREEN BELT FORUM**

This report has been prepared by Jeremy Sturgess of Twigmarket Ltd for the September 2010 Green Belt Forum meeting following the last meeting in June 2010

## **TRENT PARK GOLF CLUB**

### ***History (1974 – 2010)***

TPGC was built in the 1970's when 140 acres of the Trent Park Country Park was leased by the GLC to a private operator on a long term development lease with the objective of creating an 18 hole public golf course and clubhouse. The Course and Clubhouse opened in 1974 and has since become a popular municipal golf course open to all.

In 1992 the original tenant sold their leasehold interest to the current commercial operator, Twigmarket Ltd, who extended the facility by adding a driving range in 1993 and who hold the property on a 125 year lease (dating from 1994) from LB Enfield paying a current rent of £132,000 pa. Business Rates payable to LB Enfield is a further £50,000 pa

From 2000 to 2010 the whole facility was underlet on a 20 year lease to American Golf Corporation, with 33 courses, the largest operator of golf facilities in the UK.

In May 2010, owing to poor trading over a prolonged period and despite Capital Expenditure on improvements totalling £400,000 since the year 2000, American Golf Corporation (now called Crown Golf ) surrendered early their leasehold interest back to Twigmarket Ltd who, since May 6<sup>th</sup> 2010, now operate the business in hand.

### ***The Golf Course***

The course is a very pretty undulating Par 70, 18 hole golf course with a mixture of mature trees both of native species and including many non native species (mainly Lleylandii) that were planted when the course was constructed to provide landscaping and safety screening between holes. The Course is considered to be one of London's finest public golf courses and is open to all, without discrimination, on payment of a Green Fee.

Despite the excellent reputation of Trent Park as a golf course, the business, in line with all other municipal golf courses in the UK, has deteriorated considerably since the present tenant took occupation in Sept 1992 as the table below shows.

Number of Green Fee Tickets sold	1993	63,500
Number of Green Fee Tickets sold	2000	45,000
Number of Green Fee Tickets sold	2009	33,000
Driving range buckets sold	1994	86,792
Driving Range buckets sold	2000	70,588
Driving Range buckets sold	2009	53,872
Bar Sales	1993	£237,307
Bar Sales	2009	£269,560

The main reasons for the decline in the number of rounds played can be attributed to two factors.

### **Golf Construction boom in the 1990's**

Following a report in 1989 by the Royal & Ancient Golf Club (Golf's governing body) entitled "The Demand for Golf" over 700 new golf courses were built in the 1990's. Golf participation rates throughout the UK have remained static since the 1980's meaning many more courses competing for the same number of golfers.

### **Increased competition from Private Golf Clubs**

As a result of the increased number of courses many golf clubs now find themselves in financial difficulties and the response from Private Clubs has been to open up their membership and golf courses to the general public. It is fair to say now that, apart from a very few Private Clubs like Sunningdale or Wentworth, that every Private golf club is essentially also a Public Golf Course. Waiting lists and joining fees are largely a thing of the past. This is certainly the case in Enfield where Crews Hill GC, Enfield GC and Bush Hill Park GC are all now, because of financial pressures, competing with Trent Park GC and Whitewebbs GC for the same Green Fee customer. This has had a devastating impact on the volumes of golfers playing municipal golf courses particularly as these "Not for Profit" Private Clubs enjoy significant fiscal advantages with regards to VAT and Corporation Tax.

## ***The Clubhouse at Trent Park***

The Clubhouse buildings at Trent Park date from the 1970's and by any standards cannot be said to be attractive particularly bearing in mind their location within the Trent Park conservation area. The 2006 Trent Park Conservation Area Character Appraisal Report prepared by the Drury Partnership for LB Enfield refers in Clause 3.7.15 to the poorly designed and poor condition of the buildings and unsightly entrance signage at Trent Park Golf Club and it is clear that improvements need to be made. The Greenkeepers machinery store, which needs demolishing, is of inadequate size and it's condition a particular embarrassment.

There have been no significant alterations to the clubhouse buildings at Trent Park GC since they were built in the 1970's but Twigmarket Ltd have a desire to upgrade the appearance of the buildings and are presently investigating how this could be achieved. In particular a re-cladding of the exterior of the buildings to remove the 1970's red brick look, a redesigned entrance and signage to the site incorporating buttresses and traditional iron railings and Car Park resurfacing is being considered but will require investment in the region of £350,000. Better still would be a completely new Clubhouse Building to bring standards up to modern day expectations but the cost of this would be in the region of £2 million and is not realistic with the current state of the golf industry.

## ***The future for Municipal Golf Courses in the UK***

With the exception of the Old Course at St Andrews in Scotland, the UK's most famous municipal golf course, all municipal courses must adapt or die. The most visible sign of this nationwide decline is in the condition of Clubhouse buildings and the condition of the golf courses themselves as financial difficulties prevent normal investment in refurbishment and new machinery.

The response from several local authorities has been to seek private operators of their facilities and in a few cases this has worked well. However in many more cases Private Operators agreed rents that were unsustainable under present industry conditions and many previously leased facilities have come back, or are at risk of coming back, into the hands of local authorities. Because of the fiscal distortions in the Golf Market relating to VAT and Corporation Tax, private operators find themselves at a huge disadvantage to Private Golf Clubs and the new Not for Profit Leisure Trusts.

Not for Profit Leisure Trusts such as "Mytime Bromley", who now run 9 municipal courses around the South East do not have to account for VAT on Green Fees, Driving Range income, Memberships and Buggy's – a huge competitive advantage.

Private Members Golf Clubs enjoy similar advantages with Membership and Members Guests Green Fee Income exempt from VAT and Corporation Tax only payable on profits

from “non-mutual” trading. Clever accounting by Private Clubs to “minimise non-mutual” trading profits from Visitors and Societies leads to the absurd situation where some leading clubs, who derive about £1 mn pa of turnover from Visitors and Societies pay much less Corporation Tax than commercial operators taking a fraction of this amount.

With VAT set to rise to 20% from 2011 the distortions are set to grow worse but whilst there is a strong lobby by commercial operators to level the playing field on VAT and Corporation Tax this is unlikely to happen in the foreseeable future.

Local Authorities wishing to outsource the management of their municipal golf courses are now turning increasingly to Not For Profit Leisure Trusts such as MyTime Bromley. The fiscal advantages of this Not for Profit structure cannot be matched by private commercial operators.

### ***The future for Trent Park Golf Club***

Because of declining volumes of Green Fees and visitors to the Driving range and Clubhouse over the last 20 years there is substantial under-utilisation of the facility. The days of golfers queuing overnight in the Car Park to book a tee time for the following weekend (common in the early 90's) are long gone. The golf course operates at no more than 45% of capacity in the summer months and below 25% in winter. The huge car park, particularly since signs were erected to deter commuter parking by users of Oakwood Station, has much surplus capacity.

Twigmarket Ltd have developed a road map for how they wish to improve the facilities and business performance at Trent Park GC. This is summarised below:

#### **1. Golf Course Improvements**

There have been no major changes to the golf course since it was built in the 1970's. With the requirement that standards continue to improve driven by increased competition and customer expectations there are now several improvements to the golf course and driving range that would be beneficial to the quality of the golf course in the long term. In particular the Driving range landing area, 1<sup>st</sup> hole, 2<sup>nd</sup> and 10<sup>th</sup> holes require some redesign and landscaping and we have engaged a golf architect to suggest improvements.

#### **2. Diversification of Revenue Streams**

Land exists to provide other outdoor recreational activities. We are presently considering a whole range of options for additional outdoor recreational uses. There is a need to diversify revenue to cross subsidise and support the Golf Course. We are presently studying these activities to identify commercially viable options that will be complimentary to the golf in terms of customer profile and usage patterns. Additional outdoor recreational uses will help us broaden the appeal to more users helping us attract youngsters, youths and families that we expect will in due course increase occupancy of the golf course and range.

### **3. More efficient use of Buildings**

The footprint of buildings at Trent Park GC totalling nearly 10,000 sq ft and the Car Park is sufficient to cater to the golf use and any other additional activities listed above. However the existing layout is inefficient and ideas are being considered with a view to a better internal layout thus allowing us to service additional outdoor recreational uses in conjunction with an upgrading of the exterior facades to provide a more appealing structure in the Conservation Area.

### **4. Better Marketing**

The location of Trent Park GC just adjacent to Oakwood Tube station provides a huge opportunity to increase footfall and visitor numbers. At present we estimate that up to 50% of our golfers come from outside LB Enfield, many of them using the Piccadilly Line for transport. By providing a more diverse set of activities we expect to be able to capture much more tourist business from Central London.

### **5. Reducing Utility Costs**

Soaring utility costs for electricity water and gas have encouraged us to investigate the viability of Green energy and we are currently investigating Solar power, Ground Source Heat Pumps and Wind power as a means of reducing our carbon footprint and our utility costs. We expect that loan funding from the Carbon Trust may be available to help finance these renewable sources of energy. We are also considering applying for consent from the Environment Agency for the drilling of a borehole for the supply of irrigation water.

### **6. Outsourcing Specialist areas of the business**

We presently subcontract management of the food operation, the retail golf shop and the Golf Lessons Academy to different specialist operators who can operate these areas more effectively than us. It is important to have the flexibility and the mind set to do this as there are very real benefits in having additional Stakeholders on site with specialist expertise.

## ***Conclusion***

TPGC, in common with most golf courses, is facing considerable challenges in the years ahead. Twigmarket Ltd, the tenant, has developed a plan to navigate the future uncertainties but these plans will require the cooperation of all stakeholders. Without diversification of revenue sources Twigmarket Ltd will be unable to invest in the core business which will continue to deteriorate. However any additional facilities will likely cause controversy as Trent Park is a sensitive location in the Green Belt. But to ensure the financial viability of the golf course changes must be made and we look forward to working with LB Enfield as Landlord and Planning authority to progress these ideas.