

**ANGUS COUNCIL**

**30 JUNE 2022**

**CGLMC Ltd – Proposed Fee Changes**

**JOINT REPORT BY  
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&  
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**ABSTRACT**

This report informs Members of changes to the fee structure made by CGLMC Ltd. for playing golf at Carnoustie Golf Links. It also explains the requirement for CGLMC Ltd. not to materially alter the ratio between charges for yearly tickets and visitor tickets (daily round) without first consulting the Council in accordance with the Management Agreement between the parties. It asks the Council to note that material changes have been implemented by CGLMC Ltd. without consulting the Council and therefore Members are asked to determine which option to proceed with, in accordance with the Management Agreement, as detailed in this report.

**1. RECOMMENDATION(S)**

It is recommended that the Council: -

- (i) Notes the requirement for CGLMC Ltd. to consult with the Council on any proposed changes to fees for playing golf at Carnoustie Golf Links in accordance with the Management Agreement between the parties;
- (ii) Notes the changes to the fee structure made by CGLMC Ltd., including materially altering the ratio between charges for yearly tickets and visitor tickets (daily round), which have been implemented without consultation with the Council; and
- (iii) Determines whether Council: -
  - a. is content with the changes with no further action required;
  - b. wishes to send a response to CGLMC Ltd. in respect of the changes in terms of the Management Agreement ; or
  - c. is not content with the changes and agree that CGLMC Ltd. is bound and obliged to reduce the fees to such figure as the Council stipulates, not being less than the charge made by the operators of a golf course, the Council considers comparable, and refund any overpayment made in respect of the said fees to the parties concerned.
  - d. Legal advice has been provided in relation to the options set out above in a separate paper. (Appendix 1 – exempt)
- (iv) Delegate authority to the Director of Legal and Democratic Services to intimate the decision of Council to CGLMC Ltd. and ask that they take all necessary steps to implement it.
- (v) Delegate authority to the Director of Vibrant Communities and Sustainable Growth to appoint a council officer to act as a liaison officer between CGLMC Ltd and the Council.

**2. ALIGNMENT TO THE ANGUS COUNCIL PLAN**

People: We want to maximise inclusion and reduce inequalities

**3. BACKGROUND**

- 3.1** Angus Council entered into an updated Minute of Agreement with CGLMC Ltd in 2015 in relation to the management of the Golf Courses at Carnoustie Golf Links (“the Management Agreement”). The Management Agreement subsists until 31<sup>st</sup> March 2033.

3.2 Clause TENTH of the Management Agreement covers the setting of fees by CGLMC Ltd. The starting point is that fees should be the same for all players, however CGLMC have discretion to set alternative fees in relation to 4 categories.

- (a) CGLMC Ltd. can set different charges for different courses provided that the ratio between yearly tickets and the visitor tickets (daily round) is not materially altered. Where it is sought to materially alter the ratio, then the Council should be consulted first.
- (b) CGLMC Ltd. can set special charges for juveniles, juniors and persons of retirement age;
- (c) CGLMC Ltd. can set different charges for playing Saturdays and Sundays and for yearly tickets for residents in the Angus District.
- (d) CGLMC Ltd. in consultation with the Council, may decide under any negotiated contract or other arrangements for tourists for the privilege of the tee or the courtesy of the course but the charge shall be no higher than any charge made by the operators of any comparable golf course in Scotland.

The consultation process allows the Council input into the setting of the fees. Where the Council, in its sole discretion considers, that any charge, falls outwith the terms of the management agreement, then CGLMC Ltd. binds and obliges itself to reduce the charge to such figure as the Council stipulates, not being less than the charge made by the operators of a golf course, the Council considers comparable, and refund any overpayment made in respect of the said charge to the parties concerned.

With regard to setting the fees for the 2022-2023 season, CGLMC Ltd. is entitled to alter the fees which it charges subject to an obligation to consult with Angus Council if the increase in fees materially alters the ratio between yearly tickets and visitor tickets. Angus Council has sole discretion to determine whether the increase does materially alter the ratio. The 2021/22 fees and ratio is set down below. The new fees and ratio for 2022-2023 are also detailed.

2021 -2022	Visitor Round £270	Season Ticket Price £516	Ratio	86:45
2022 – 2023	Visitor Round £270	Season Ticket Price £648	Ratio	108:45

Where the Council deems a charge to fall outwith the scope of the Management Agreement, then the Council can stipulate a fee, which is in line with a Golf Course, which the Council considers to be comparable, and bind CGLMC Ltd. to refund any overpayment made.

3.4 The purpose of these clauses in the Management Agreement is to allow the Council to work in partnership with CGLMC Ltd. and have oversight of the management of the Golf Courses, ensuring that golf is accessible for future generations, and that the Championship Course is maintained to a high standard.

3.5 In January 2022, CGLMC Ltd. wrote to its members informing them of the proposed changes. Shortly afterwards, Angus Council received correspondence from members of the public, MSPs and MPs in relation to these. Representations had been made to both elected members and council officers outlining concerns over the proposals.

3.5 These proposed changes have now been implemented but no consultation has taken place with the Council, as is required in accordance with the Management Agreement. The changes which have been implemented which require consultation with the Council are: -

- Increase of fees from £516 to £648 when members renew.
- Reduced fees for under 28 years old.
- Free Golf is being offered to Golfers under the age of 18 years old if the golfer is either a Carnoustie resident (DD7 postcode area), Carnoustie schools cluster attendee (Carnoustie High School, Woodlands, Carlogie, Burnside, Newbigging or Monikie Primary Schools) or currently enrolled in the Carnoustie Craws Junior Golf Programme.

The changes which have been implemented which do not require to consultation with the Council are:

- The reduced rate 5-day ticket being removed, so only a 7-day ticket is available.
- The discounted fee for over age 65 being retained and will be reviewed 23/24.
- The discounted fee for juveniles and juniors being retained.
- Angus residents continue to be offered a reduced fee.

Consultation in terms of this provision means seeking the views of the Council before making a decision. It does not require CGLMC to agree with the views of the Council.

#### **4. CURRENT POSITION**

##### **4.1** The Management Agreement at Clause TENTH States: -

*...Declaring, for the avoidance of doubt, that should any charge be made which the Council, in its sole discretion considers, falls outwith the terms hereof, then the Company binds and obliges itself to reduce the charge to such figure as the Council stipulates, not being less than the charge made by the operators of a golf course, the Council considers comparable, and refund any overpayment made in respect of the said charge to the parties concerned.*

##### **4.2** The following changes fall outwith the scope of the management agreement.

- Increase of fees from £516 to £648 when members renew. (Resulting in a material change to the ratio between yearly tickets and visitor tickets.)
- Reduced fees for under 28 years old.
- Free Golf is being offered to Golfers under the age of 18 years old if the golfer is either a Carnoustie resident (DD7 postcode area), Carnoustie schools cluster attendee (Carnoustie High School, Woodlands, Carlogie, Burnside, Newbigging or Monikie Primary Schools) or currently enrolled in the Carnoustie Craws Junior Golf Programme.

##### **4.3** CGLMC Ltd. have provided an Information Paper on the Season Ticket Holder (STH) Framework, which provides the rationale and the background around the fee review. (Appendix 2)

##### **4.4** In 2019 the Policy and Resources Committee (Report No 404/19) approved the establishment of a Member/Officer Group to undertake a review of all the courses in which Angus Council has an interest., This was to ensure the sustainability of the 5 golf courses in which Angus Council has an interest by reviewing the governance and management models of the courses and to determine any proposals for change that could strengthen these assets and enhance the cultural, social and economic value that they provide to Angus and its communities. It was recognised that existing agreements were not consistent, required updating and did not clearly set out roles and responsibilities nor supported courses to be more sustainable, commercial and competitive. In early 2022 an Action Plan was agreed to deliver on the findings of the work.

#### **5. CHANGES**

##### **5.1** The changes at 4.2 fall outwith the terms of the Management Agreement, the Council must decide what, if any, action should be taken.

Options include noting that the Council should have been consulted, with regard to the proposals and: -

- a) agree with the changes with no further action being taken.
- b) engage with CGLMC Ltd. by making counter proposals.
- c) engage with CGLMC Ltd. by inviting CGLMC Ltd. to make further proposals.
- d) instruct CGLMC Ltd. to reduce the fee charge to a figure the Council stipulates, not being less than the charge made by the operators of a golf course, the Council considers comparable, and refund any overpayment made in respect of the said charge to the parties concerned.
- e) Legal advice has been provided in relation to the options set out above in a separate paper. (Appendix 1 – exempt)

#### **6. FINANCIAL IMPLICATIONS**

##### **6.1** There are no financial implications for the Council arising directly from this report. The charging structure is however very relevant to the financial position of CGLMC Ltd. which currently operates the golf courses on the Council's behalf. The Trustees of CGLMC Ltd have an obligation to ensure the company operates in a financially sustainable manner.

## **7. CONCLUSION**

- 7.1 Angus Council should be satisfied that the terms of the Management Agreement are being adhered to, consideration of this matter ensures that fees are set at an appropriate level.

## **8. EQUALITY IMPACT ASSESSMENT**

- 8.1 An Equality Impact Assessment is attached. (Appendix 3)

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

### **REPORT AUTHOR:**

### **EMAIL DETAILS:**

List of Appendices:

Appendix 1 – Legal advice in relation to options laid out at 1. (iii) a.-c. (exempt)

Appendix 2 - Information Paper on the Season Ticket Holder (STH) Framework by CGLMC Ltd.

Appendix 3 – Equality Impact Assessment