

Information Paper on STH framework

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Executive Summary

Context

CGLMC have created a single document for Angus Council to summarise key facts and considerations supporting the review and implementation of changes made to season ticket holder prices and options for the 2022/23 season. The Changes made reflect a wider STH framework review undertaken by CGLMC.

When CGLMC published prices and options for the 2022/23 season, it did not feel that consultation with the Council was necessary and that decisions were within parameters set down in the management agreement.

On reflection, CGLMC understands that the way the management agreement is written leaves it open for interpretation, and as such it may not be aligned with others. CGLMC looks for the Council to agree that it has taken a fair, reasonable and consistent approach when determining fees and that approval can be sought retrospectively.

Questions this paper addresses

1. Why did CGLMC feel it was necessary to introduce a STH framework review
2. How did CGLMC view this increase in relation to the existing ratio
3. What discounts were previously in place
4. What discounts have now been put in place
5. CGLMC's stance on the definition of 'Angus residents'
6. A look back on the implementation of the framework

Conclusions

1. CGLMC were faced with several challenges (appendix I)
 - 1.1. A service provision cost for STH's of £2.5m vs a revenue stream of £0.9m
 - 1.2. Long standing waiting lists (up to 17 years) preventing local access to golf
 - 1.3. Supporting business challenges of other Angus Golf courses
2. Appendix II
3. 65+ received a trial 10% discount, juniors/juveniles received up to 87% discount (appendix III)
4. 65+ now receive a 60% discount on upgrade, juniors/juveniles now receive up to 100% discount (appendix III)

5. CGLMC have not redefined 'Angus residents' as Carnoustie residents. Carnoustie residents receive no additional financial benefit over and above any other Angus residents.
6. While there was some initial unsettlement around changes made to the season ticket holder framework, the changes are now well understood and CGLMC feel as though they have created enormous value through this review with minimal impact to the season ticket holders with the highlights being (appendix IV):
 - 6.1. 99.6% retention of all STH's
 - 6.2. Removal of a 17-year waitlist
 - 6.3. More value where it is needed to protect the game of golf for future generations
 - 6.4. Season ticket holders are now on a more appropriate ticket
 - 6.5. Increased flexibility and options for season ticket holders
 - 6.6. STH golf has increased 5% year on year post implementation of all changes, supporting the key principles for CGLMC's agreement with Angus Council to increase participation in the game of golf in Angus
 - 6.7. Created a more sustainable platform for the organisation to reinvest
 - 6.8. Examples of positive feedback received attached

The Report

Appendix I – The background

Objectives relating to this review deriving from the company's Articles of Association

- To encourage and promote public participation in the sport of golf
- To promote the provision of development of recreational facilities in the Carnoustie area, with the object of improving the recreational facilities or activities available to citizens residing within the Carnoustie area

The founding principle of this review has been to maximise participation in the game of golf and deliver best value (on behalf of Angus Council) from this council owned asset in a responsible and sustainable way.

CGLMC continually reviews the services it provides to ensure long term sustainability and offer the best possible facilities. To do this (in relation to season ticket holder prices and options), it had to first tackle a long-term issue relating to the cost of delivering season ticket holder access. As it stood, CGLMC incur £2.5m of costs annually to provide golf for local season ticket holders, and only received £900k from annual fees. CGLMC are proud to support subsidisation of local golf access, but it must be sustainable.

Secondly, CGLMC is re-defining how local golfers gain access to golf, ensuring that it maximises its charitable objectives and allows as many local people as possible to enjoy the golf courses. In doing so, it will also safeguard the exceptional quality and reputation of Carnoustie as a globally recognised venue. CGLMC reviewed current STH parameters against many factors, including market demand and our principal objective of increasing participation.

CGLMC also felt obliged to consider how best to support other Angus golf venues to become more sustainable and attract customers. There is a reality that many Season Ticket Holders choose to play Carnoustie over another (potentially closer) 'home courses', due to Carnoustie offering cheaper golf at exceptional quality. The consequence meaning less members for courses such as Arbroath, Montrose etc.

This review highlighted several opportunities to assist other Angus golf courses and better deliver golf access for Carnoustie season ticket holders:

- 1) Our Season ticket holders were paying for privileges they did not use
- 2) There was a 17 year wait list to gain access to a Championship ticket, prohibiting greater access
- 3) Creating greater flexibility and choice to all season ticket holders

Appendix II – Price review

CGLMC considered many aspects when looking at price. It looked at the current local landscape i.e. cost of access to other Angus golf courses and put this in context to what the cost of delivery is, the demand for golf and the existing ‘ratio’ that is in place with Angus Council. To set some context, here is where Carnoustie Golf Links were comparatively with other Angus venues:

Venue	Annual Cost	# of courses
Arbroath	£345	1
Brechin	£550	1
Carnoustie (Council Owned)	£516	3
Forfar	£600	1
Kirriemuir	£540	1
Monifieth (Council Owned)	£560	2
Montrose (Council Owned)	£595	2

Please note that we also needed to factor in that Carnoustie offers a world leading Open venue course of which is not on offer in any of the other Angus courses. Note, that we are using the cost of accessing all courses were there is more than 1 on offer. As you can see from the table above 3 golf courses were available at Carnoustie.

There has also been reference to a ratio in the management agreement that has been continually eroded over several decades. Although the original intention of the ratio was to set the visitor price in relation to the season ticket holder price, it appears that over the years this interpretation has changed, and it is now looked upon as way to review the STH price against the visitor price. On this basis CGLMC considered the impact of its proposed changes as follows.

Please note that when looking at this, CGLMC considered 2 key events that altered the season ticket holder price. 1) The 2018 Open 2) COVID 19 - Where CGLMC made a conscious decision to arrest the usual annual/inflationary increases to season ticket prices as a response to these events. This action suppressed both the STH price and the visitor price. The table below reflects what would have been charged if we had not had these two events in close succession.

Season	Actual STH Price	Adjusted STH Price	Actual Visitor Price	Adjusted Visitor Price	Ratio	Increase/(decrease)
2017/18	£468	£468	£175	£175	2.67	-
2018/19	£468	£492	£200	£200	2.46	-8%
2019/20	£492	£516	£210	£210	2.46	0%
2020/21	£516	£542	£252	£252	2.15	-12.6%
2021/22	£516	£570	£270	£270	2.10	-2.3%
2022/23	£648	£648	£270	£282	2.29	9%

Angus Council and CGLMC are tasked with the responsible and sustainable management of public assets, and the ratio should be reviewed in terms of its movement and not whether it is +/- . The above table and its movements are consistent with the range over the last 40 years.

Appendix III – Discounts

The board of CGLMC introduced a trial discount for +65's in 2012. Unfortunately, there is not much detail available on the desired outcome of the trial nor its designated period. As part of this review, we looked at a number of aspects:

1) What is other Angus Council owned golf courses doing in this area?

- a. Both Monifieth and Montrose recently removed this concession

2) Is there a wider movement on concessions?

- (a) Evidence is available to suggest arts, culture and sports organisations moving away from over 65's discounts to reflect a more appropriate distribution of benefit to reflect the needs of modern-day society. This is demonstrated in reports such as that produced by the intergenerational foundation (IF) – a charity that researched 35 of the UK's leading attractions ticketing policies (link - chrome-extension://efaidnbmnnnibpcajpcgclefindmkaj/https://www.if.org.uk/wp-content/uploads/2018/09/Concessions_IF_Final.pdf).

3) Can CGLMC better focus concessions to promote golf participation?

CGLMC's constitutional directives contained in the organisation's articles of association, oblige it to promote and increase the number of members of the general public playing golf. In-line with this, CGLMC's junior development programme and focus on removing barriers to young people supports these principles.

4) Demographics and consumption?

- a. The +65 age group is widely considered the wealthiest generation with the most amount of disposable income
- b. The +65 age group also consume the most amount of golf making it disproportionate to the other age groups when considering 'cost of actual rounds played'

Between 2012 and this review, anyone over the age of 65 received a 10% discount on their ticket.

This review felt that it was more appropriate to re-direct this concession to junior golf as it was identified throughout the review that golf as a whole, struggles to engage and retain golfers up to the age of 28.

CGLMC introduce the following concessions for people ages 0 – 28

Age	% Discount
<16	Up to 100%
16-17	Up to 100%
18-21	62%
22	54%
23	50%
24	45%
25	35%
26	25%
27	15%

Appendix IV – Outcomes

The changes to the STH price and structure have been in place for several months now and CGLMC believe they have delivered step change in the way in which they deliver value to STH's whilst creating a more sustainable organisation. Here are the take aways from the process:

- 1) Of a total of 2400 STH's only 10 relinquished their ticket due to the price increase
- 2) We created much greater flexibility in ticket types. Historically you could only bring on friends and family onto the Championship where you had a 3-course ticket. This resulted in over 400 STH's holding this ticket and never using it (and consequently preventing others from accessing a 3-course ticket). We introduced a new policy that allowed all of our STH's gain access to the Championship and bring on friends and family. This resulted in 190 STH's moving to a 2-course ticket, saving money and retaining all the previous benefits.
- 3) Removal of a 17 year wait list. Because our STH's were scared to give up their access to the Championship course they prevented other STH's from gaining access. With the introduction of more flexible tickets and STH's moving on to a more appropriate ticket type, we were able to offer every single person on the waitlist the opportunity to gain access to a 3-course ticket.
- 4) 2019 was Carnoustie's busiest ever year in terms of STH consumption of golf where we had to accommodate both STH golf and visitors. Since the introduction on the new model, the flexibility and greater access to all three courses has resulted in 900 more rounds being consumed in the first 2 months of the playing season

Examples of Season Ticket Holder Feedback to prices and options for 2022/23

Dear Mr Wells,

I am sending you an email in my capacity as 'Removed for confidentiality' golf clubs secretary, with regards to the recent changes with season tickets.

Our Council had a meeting when the changes were announced, and all Council members felt that there were far more positives, than negatives.

We felt that the opportunity for more season ticket holders to access 3 course tickets was a huge positive, due to the fact that previously there was literally no chance to get a 3 course ticket, unless you had been on the waiting list for 15-20 years. We also felt that the increased prices were justified, and represent great value, when you consider that we have 3 excellent courses (one being a world famous championship course). Of course, price increases are never popular, but 3 of our Council members were in the category that was most affected, and even they stated that the price they were paying previously, was far too cheap.

The fact that season ticket holders can now bring on more guests than before, is also a huge bonus.

It's great to see the Links continuing to invest in junior golf, as this is the lifeblood of the game, and we hope that you will continue to do this.

Kind regards

Removed for confidentiality

Mike,

I hope all is well with you and your family.

I heard there has been some negativity from certain areas of the links membership regarding the recent season ticket restructuring and wanted to reach out to you to say that I personally think it has been a really positive move forward.

There are several reasons for this and I suppose the main one is that after about 20 years of it being talked about it has finally been addressed through the links management team making a bold decision.

I also feel that this was done having made efforts to gather information from club and links members and after thorough analysis which is clear from the in depth information Adair has around course demands at all times of the day/week and the costs involved in running the courses.

All be it the cost has gone up for certain season tickets and I personally am now paying more, I am happy to do so. I now have a 7 day 3 course ticket which I would never have attained on the old system. For my £650 per year I have access to one of the best courses in the UK as well as access to the Burnside and Buddon courses which are both great tests of the golf in different ways. The 3 courses are always in the best possible condition thanks to Craig and his team.

Comparing that price to other courses nationally and locally should allow people to see how truly fantastic value that is.

Despite increased 7 ticket access being provided I noticed when playing last Saturday on the Buddon at 0730 that the tee was empty for an hour prior to my group playing.

I also observed that there were still 2 and 3 balls on both the Buddon and Championship which shows that the increased ticket numbers have not stopped members access to the courses. It was a really nice morning for golf so I had expected the courses to be packed.

Looking at this Saturday's ballot draw there are also spaces so it looks to me like an increased number of ticket holders have the opportunity to play at weekends if they wish and there is availability particularly in the afternoons if people are on occasion balloted out due to demand at peak time.

I think there are options for all members available in that even if someone can only stretch to the 1 course ticket they are still able to upgrade and access the Championship course if they want to which is great.

You often find that you will only hear from those who have taken issue with the changes but all the silent members are likely happy with the situation but you won't really hear from that much larger majority of the membership.

Overall I would suggest that the majority of the membership will be very pleased with the value for money and access to the courses they get.

Thanks

Removed for confidentiality

From: Removed for confidentiality

Sent: 08 March 2022 17:06

To: Season Tickets <SeasonTickets@carnoustiegolflinks.co.uk>

Subject: Season Ticket Holders Forum on 7 March 2022

Hello Leanne

Thank you for the opportunity to attend last evening's Forum of Season Ticket Holders who are not members of Carnoustie Golf Clubs.

As someone who only moved to Carnoustie four years ago and continues to be a member of 'removed for confidentiality', my aim in attending the meeting was to listen and learn about the issues being faced by CGLMC.

I can say that I have a better understanding of the needs to balance the season ticket holders' interests with all the other aspects of running the business.

From my experience of being a member of a private golf club with a current annual subscription which is broadly comparable to the ticket cost for all three courses, I think the cost of my £399 season ticket for the Buddon and Burnside courses represents very good value.

I agree, also, that some help in terms of Season Ticket pricing should be directed towards the younger golfers. They are the future of Carnoustie Golf Links and we should be encouraging them to retain their memberships as they are faced with the additional demands on their incomes in the early years of their working lives.

I think, also, the concessions previously offered to senior golfers like myself (I am 68 years of age) are no longer sustainable in the current economic climate.

I appreciate the communications received from CGLMC. More specifically, I would welcome the chance to attend further face to face meetings with my group of season ticket holders to be kept informed of future plans and major items of expenditure.

Finally, although I have spoken previously to The Guest Relations Team about my wish to renew my locker for another year, I would like to take this opportunity to reiterate my wish to do so.

Wishing you and your colleagues every success with your endeavours.

Removed for confidentiality

From: Removed for confidentiality

Sent: 01 April 2022 10:52

To: Season Tickets <SeasonTickets@carnoustiegolflinks.co.uk>

Subject: Re: Carnoustie Golf Links

Thanks Leanne

And thanks to you and all the team for what you are doing. In the middle of all the season ticket dramaramas that you have had to deal with around season tickets this year, you and the Links team have been first class in communicating and assisting everyone.

Have a good weekend

Removed for confidentiality

From: Removed for confidentiality

Sent: Thursday, March 31, 2022 7:27:56 PM

To: Season Tickets <SeasonTickets@carnoustiegolflinks.co.uk>

Subject: RE: Carnoustie Golf Links

Hi folks

It's easy to be critical and some folk perhaps take this a bit too far sometimes. However, I'd like to give you folks some well deserved praise. Communication from you has been exemplary re golf/course matters, both recently and over an extended period of time. In short, well done all!