

REPORT TO CABINET

5th March 2014

KEELE GOLF COURSE – future use strategic options appraisal

Submitted by: Executive Director, Regeneration & Development

Portfolio: Primarily Planning and Assets, (as a lease disposal / property issue);
Also Leisure, Culture and Localism; Economic regeneration, Business and Town Centres and; Finance and Resources.

Ward(s) affected: Directly - Keele, Silverdale and Parkside; indirectly – all wards

Purpose of the report

To provide members with information about the range of options available for the future use and/or development of the Keele Golf Course and to seek a decision from members about their preferred option for implementation.

Recommendation

- a) That officers be authorised to engage with nearby/adjacent land owners with a view to jointly commissioning a comprehensive master-planning exercise, involving Borough Council owned land in the area in order to establish the most appropriate long term use for the Keele Golf Course site.
- b) That officers report back on the outcome of the land owner engagement process and to seek approval for a two stage master planning exercise beginning with a scoping report to identify its physical parameters, with any budgetary approval being sought from Council as necessary.
- c) That officers be authorised to undertake a limited maintenance regime on the basis described in the report until the outcome of the master planning exercise is known.
- d) That officers be authorised to undertake security measures described in the report.
- e) That officers be authorised to see expressions of interest in some form(s) of interim use for a period of up to three years.
- f) That officers keep under review the holding costs attributed to the Keele Golf Course and take all appropriate steps to minimise the same.

Reasons for the recommendations

To enable strategic and robust medium to long term arrangements to be made in respect of the Keele Golf Course facility in light of corporate and service priorities and taking due account of the Council's Medium Term Financial Strategy and future known Capital Programme demands.

1. Background

- 1.1 Members received reports at Cabinet Meetings in May and October of last year relating to a procurement process that was intended to secure a commercial operator to take a 25 year lease for the operation and management of municipal (pay-as-you-play) golf at Keele Golf Course. RMW Golf Ltd was

selected as the preferred operator and resolutions were made at the October Cabinet meeting to that effect.

- 1.2 At the Cabinet meeting in January 2014 members received information confirming that RMW Golf Ltd were unable to deliver the project on the basis set out in their tender submission. As a consequence Cabinet resolved that the course should be closed for the foreseeable future and that officers should report back to the earliest available meeting with advice and information about the medium to long term options for the site.

2. Issues

- 2.1 Whilst the outcome of the lease tendering process is disappointing, it does present an opportunity for the Council to undertake a thorough review of alternative uses for the site in the knowledge that unsubsidised municipal golf appears commercially unviable (without either investment and/or subsidy from the Council).

- 2.2 In order that this matter can be subjected to a strategic, balanced and objective review, it is considered appropriate to follow the broad process which is set out in the approved Asset Management Strategy. In summary, the key considerations are as follows:-

(a) Strategic Context

- Council Plan priorities;
- Need/demand for municipal golf at this location and service delivery context, and;
- Corporate finance and resource context

(b) Tactical/Operational Context

- Analysis of recent performance of the golf course, and;
- Assessment of site condition and investment requirements

(c) Delivery

- Options analysis
- Preferred option

- 2.3 These considerations are addressed in the remainder of this section and at section 3.

2.4 Council Plan Priorities

- 2.4.1. This section considers the other key strategic priorities relevant to the future use and/or development of the Keele Golf Course and should be read in conjunction with section 5.

- 2.4.2 As members will be aware, the Council Plan identifies four strategic priorities. Whilst it could be argued that the options have the potential to impact against all such priorities, it is considered that those relating to “A Healthy and Active Community” and promoting “A Borough of Opportunity” are the most pertinent with the promotion of “A Clean, safe and sustainable borough” also resonating.

2.4.3 These strategic priorities raise issues such as:

- Promoting the health and well-being of residents;
- Tackling crime and anti-social behaviour and;
- Promoting economic growth (including housing).

2.4.4 Additionally the Council's Town Planning responsibility reflects the importance of establishing and maintaining sustainable communities (i.e. providing housing choice, employment opportunities, community/leisure facilities, access to open space and enabling economic growth, etc.).

2.4.5 The Council has decided to embark on the preparation of a new joint Local Plan with the City Council that will identify strategic sites for both housing and employment. Housing site provision will be particularly important, not only to address the current deficit in the five year housing land supply but also because the Council has evidence that it will find difficulty in meeting its objectively assessed housing needs within the built up areas of Newcastle/Kidsgrove.

2.4.6 Further to the previous two paragraphs is the significance of the golf course's current designation as Green Belt.

2.5 **Need/demand for municipal golf provision at this location / service delivery context**

2.5.1 There is evidence that golf participation has continued to decline over a number of years and this trend has shown no signs of changing even in the context of modest improvement in economic conditions, although there have been pockets of increased participation by the 65 years and over (as measured by Sport England's recent Active People Survey). However, of most concern is the fall in participation by younger people and in particular by those from lower socio economic groups.

2.5.2 This has created a position locally whereby there are too many courses for the number of players and consequently 2013 has seen two further golf courses in the area close (Gorsty Hill and Izaak Walton). There still remain some 14 courses accessible to Borough residents and these remaining courses are very competitive on price, as they seek to attract and retain players. The effect on Keele Golf Course has been that the membership has remained low, only peaking at 40 members during the summer and reducing to 30 members by the beginning of December 2013 at end of our interim course management arrangements. Patronage of the course over the summer was relatively flat, despite it being a generally good period of weather. Consequently income was insufficient to cover operating costs, or tackle any of the investment needs at the course.

2.5.3 The following table summarises the nearest courses to Keele. All fall within a 30 minute drive time and offer affordable golf through a monthly membership, in most instances, without a joining fee.

Golf Course	Distance from Keele
Newcastle	1.5
Wolstanton	2.5
Trentham Park	4.0
Onneley	4.3
Trentham	4.8
Burslem	5.3

Other courses still within easy access of the Borough's residents include:

Malkins Bank
Wychwood Park
Stone (9 hole)
Alsager
Astbury
Westwood (Moorlands)
Leek, Birchall
Greenway Hall

2.5.4 In summary, with some 14 courses being available locally, there would appear to be an oversupply of courses in relation to the numbers of people playing the game of golf. In the absence of any service demand from the Council's perspective it would be difficult for the Council to justify any capital or revenue investment into the ongoing provision of municipal golf.

2.6 **Financial/Resources Context**

2.6.1 The Council has an approved Medium Term Financial Strategy (MTFS) which makes no provision for any ongoing subsidy to facilitate the provision of municipal golf at this location. On the contrary – it assumes a modest annual rental income of £30k per annum. Furthermore, by the time of your meeting the Council will have approved a revenue budget for 2014/15; the latter sets an annual budget that is consistent with the MTFS (i.e. no provision of subsidy to the Keele Golf Course).

2.6.2 **Capital Funding**

There is no provision in the current capital programme for investment in the Keele Golf Centre. In terms of the wider context of the Council's medium term capital investment programme, members received a report at the last Cabinet meeting which highlighted the scale and nature of future known investment pressures; it is noteworthy that, despite learning through the lease tendering process that Keele Golf Centre requires about £0.5m of expenditure, it was not identified in that report. That report highlights the fact that, against a backdrop of very limited capital funds, the Council will have to prioritise future capital investment because of the substantial known demands on the programme. The preparation of the said report marks the beginning of a more rigorous process of capital investment planning where future demands will be evaluated against strategic priorities. The analysis in this report highlights the fact that future investment in Keele Golf Course is not considered to be a strategic priority.

3. Options

- 3.1 Given the strategic policy considerations set out in Section 2, taken together with the outcome of the recent lease tendering process, it would be appropriate to undertake a wide ranging review of options for the long term use of the Keele Golf Course site.
- 3.2 The table below sets out a long list of options:

Table 1 – Long-list of options

Options	Broad Description
1	Do nothing
2	Retention of both golf courses (do minimum)
3	Retention of both golf courses (improved through investment)
4	Retention of both golf courses plus ancillary/complimentary leisure facilities
5	Alternative leisure activity(s)
6	Agricultural and/or forestry use
7	Disposal of 9 holes for housing led development with retention of 18 hole course and refurbished club house
8	Disposal of 18 hole for housing led development with retention of 9 hole golf course with complimentary leisure facilities
9	Disposal of whole site for housing led development to generate optimum capital receipt
10	Disposal of whole site for employment led development

- 3.3 In order to assess the above options at a desk-top level it is necessary to identify a range of appropriate project outcomes and to attach a weighting to each of them. To that end the table below has been prepared taking account of the strategic policy and considerations reviewed in Section 2:

Table 2 – Outcome criteria

Project Outcome	Weighting
Promotion of healthy and active lifestyles (Corporate priority)	15%
Strategic fit with the sport and leisure needs of the Borough	15%
Contribution towards economic growth including housing (corporate priority)	20%
Contribution towards the Council's MTFs	20%
Contribution towards the Council's Green Spaces Strategy	5%
Potential for achieving a net beneficial impact on the Council's future capital programme	15%
Delivery, cost and timescale	10%

- 3.4 Officers have assessed each of the options against the above project outcome criteria, as summarised in the table at Appendix 1. At this stage the exercise has been undertaken at a strategic level in order to identify, in a reasonably scientific and objective manner, a short-list of options that can be reviewed in more detail, these are set out at paragraph 3.7. In summary the purpose of this analysis is to assist Members in identifying a short-list of broad options that merit further consideration. It does not seek to explicitly rule out options at this stage, it merely seeks to focus attention on the most appropriate range of options derived from this strategic options review.

3.5 The above said it is considered helpful to draw some simple conclusions from the short-listing process. Firstly in view of the historical use of the site (for the past several decades) it is important to record the fact that there is no evidence of overriding need for municipal golf provision at this location (or elsewhere in the Borough). Nevertheless the options analysis includes varying levels in golf provision in order that its viability and desirability can be assessed, taking account of the previous investment in the golf course infrastructure.

3.6 Secondly, Members are advised that there is no evidence of need for additional green space to serve local community needs (either formal, informal or semi-natural open spaces). For the sake of clarity it should be confirmed that the course does not represent functional open space in the Council's approved Green Spaces Strategy. However this would not rule out any private sector led proposals that include recreation/leisure use as part of any comprehensive treatment of the overall site (i.e. where there would be no expectation or requirement of public subsidy from either a capital or revenue perspective).

3.7 Short Listed Options

3.7.1 This section summarises the broad facility/development mix expected for each of the short-listed options. This will enable a high-level analysis of financial implications (both capital and revenue).

3.7.2 The final facility mix may be subject to change as a result of development constraints and the delivery model of the preferred scheme. Additionally it should be noted that the deliverability of any development-led solution would have to be addressed through the relevant Town Planning process in view of the Green Belt designation of the site.

3.7.3 Table 3 summarises the short-listed options in a little more detail in order that the a simple financial analysis can be presented.

Table 3 – Summary of short-listed options

Option 4 – Golf plus leisure	
Golf courses	9 and 18 hole courses as existing including investment in course
Clubhouse	Full refurbishment of the building to enable food and drink
Leisure	Development of complimentary leisure and spa facilities (possibly off site)
University & College links	Secure beneficial relationships from leisure, conferencing and employment prospect
Housing	Very limited or no housing provided
Capital receipt/ requirement	Likely requirement of £500k
Revenue Impact	Risk of future revenue subsidy or modest rental income

Option 7 – 18 hole golf course plus housing	
Golf courses	18 hole course retained and subject to improvement investment
Clubhouse	Full refurbishment of the building to enable food and drink
Leisure	No complimentary leisure facilities or off-site provision
University & College links	Secure beneficial relationships from leisure, conferencing and employment prospect
Housing	10 ha of housing to be developed delivering 300 units
Capital receipt/ requirement	Estimated gross receipt of £10m
Revenue Impact	Expectation of modest rental income

Option 8 – 9 hole golf course plus housing	
Golf courses	9 hole course retained and subject to improvement investment
Clubhouse	Development of a new modest clubhouse
Leisure	No complimentary leisure facilities
University & College links	No value-added economic benefits
Housing	25 ha of housing to be developed delivering 750 units
Capital receipt/ requirement	Estimated gross receipt of £25m
Revenue Impact	Expectation of little/no rental income

Option 9 – Housing site	
Golf courses	No provision made
Clubhouse	Not applicable
Leisure	Not applicable; play facilities to meet needs of future residents
University & College links	Not applicable directly. Indirectly the provision of housing may improve the sustainability of the University from both an academic and Science Park perspective
Housing	40 ha of housing to be developed delivering 1,200 units
Capital receipt/ requirement	Estimated gross receipt of £40m
Revenue Impact	Expectation of no long term revenue implications

- 3.7.4 The above high-level options appraisal points towards there being a need for some form of development led/enabled solution which could include a leisure element (golf or other leisure activity – i.e. options 4, 7 and 8). However in view of the current Green Belt designation (affecting the whole site) it would be both difficult and inappropriate to pursue a development-led approach at this stage. As stated earlier the review of the Local Plan has commenced recently although the outcome of the process will not be known until about 2018. Any review of the Green Belt boundary (across the whole Borough) would most appropriately be undertaken through that process.
- 3.7.5 In view of the above and in acknowledgement of the fact that this options appraisal has been undertaken at a high level your officers consider that it would not be appropriate to go forward with a specific option at this time. Instead members are advised to proceed with some form of masterplanning

exercise in order to derive the optimum long term solution, whilst addressing short term operational issues.

4 Preferred Option / proposals

The need for a Masterplan

- 4.1 As indicated above your officers consider that the commissioning of a masterplan would be the most appropriate strategic long term solution for the land and this would be best derived through the Local Plan process. Whilst consideration could be given to the Golf Course site in isolation, your officers would recommend that the Council should consider working with strategic land owners in the locality with the express aim of jointly commissioning a comprehensive masterplan for the wider area. Such a plan would inform the strategic options stage of the forthcoming Local Plan.
- 4.2 Members are reminded, for the avoidance of doubt, that any such master-planning task would be undertaken by the Council in its capacity as a land owner. It is envisaged that officers would report back to the earliest available Cabinet with the outcome of any land owner engagement with a view to seeking confirmation of the scope and cost of any master-planning exercise (likely to be in excess of £100k). It is envisaged that a public/stakeholder consultation exercise would form part of any such master planning approach.

Immediate / short term measures

- 4.3 In the meantime it will be necessary to address three key issues. For the reasons set out in other parts of this report, although it is not intended to re-open the golf courses at this stage, a minimal level of interim maintenance will be necessary along with the undertaking of immediate/short term security measures. Additionally it should be noted that the Council has received enquiries from a variety of sources for interim use of the site (in whole or part). In view of the Local Plan timescale it would be prudent for the Council to take steps to minimise its holding costs by undertaking a simple process to elicit the most appropriate interim use that represents best value for money. Additionally it would minimise the use of officer resources in managing any enquiries for short to medium term uses of the site.
- 4.4 The other key task in the short to medium term is for the Council to keep the short to medium term arrangements under review with the aim of minimising holding costs.

Conclusion

- 4.5 In summary the substantive preferred option is to proceed with some form of masterplanning process in order to elicit the most appropriate overall form of use and / or development for this site (and potentially adjacent/nearby lands); the other proposals relate more to the operational consequences of such action. Your officers' advice is clear in recommending that approach because of the site's Green Belt designation and takes account of the opportunity afforded by the forthcoming Local plan to review the Green Belt.
- 4.6 However, for the sake of completeness, officers should advise Members that a different course of action could be pursued, particularly if it was felt that reviewing the long term use of the site through the Local Plan process created too much

uncertainty for too long (i.e. for the next four or five years). The main alternative would be to seek a development partner who would be prepared to take the risk and burden of preparing a scheme to take forward through the Development Management process. However your officers would advise that such an approach would carry significant risks and fail to achieve 'best consideration' from an assets valuation perspective. Additionally it would be likely create a rather incongruous public perception of the Council if it were to be associated with promoting inappropriate development in the Green Belt. Consequently your officers would not recommend taking such a course of action.

5 Outcomes Linked to Corporate Priorities

5.1 These are largely addressed in the options appraisal set out in section 2 of this report. At a summary level it should be noted that the options reviewed exhibit the potential to achieve outcomes against each of the Council's corporate priorities. The weighting of the assessment criteria set out in table 2 seeks to reflect the balance that lies between the potentially competing priorities.

5.2 Noteworthy factors that reflect in the scored options assessment (table 2) are the following:

- there appears to be questionable demand for the ongoing/future provision of municipal golf (thereby negating any contribution it makes towards the corporate priority of Healthy and Active lifestyles);
- there is no overriding need to provide additional outdoor recreation/leisure facilities in this part of the Borough (thereby no enhanced outcomes linked to both Healthy and Active Communities and the priority relating to a Clean, Safe and Sustainable Borough);
- there is no provision for either a revenue subsidy or capital investment into future municipal golf provision in this location, in either the MTFS or Capital Programme;
- the approved Asset Management Strategy and Capital Strategy identify the need for disposing of land/property which is no longer required to meet an operational or other need in order to:
 - reduce maintenance costs;
 - facilitate development needs
and;
 - generate capital receipts to contribute towards Capital Programme demands

5.3 An additional consideration for the Council, linked to the latter bullet point, is the need to take actions to promote a Borough of Opportunity with the aim of achieving economic growth (including the provision of new housing to meet identified needs). Moreover the Council, as local planning authority, has a duty to maintain a 5-year supply of land for housing. At present it has an identified supply of just over 3 years. So notwithstanding the fact that the site lies in the Green Belt (wherein there is a presumption against "inappropriate development" – the latter can be broadly defined as any form of development for purposes unrelated to agriculture, forestry or outdoor sport) this location is considered to be broadly sustainable for development (when considered in a

Borough-wide context). Of course the Town Planning process would have to test that hypothesis.

6. Sustainability implications

- 6.1 The options appraisal highlights a number of sustainability issues for the service, organisation, town and the wider environment.
- 6.2 With regard to service provision, taking account of information about the apparent lack of demand for golf and the evidence gleaned through the lease tendering process, it is clear that ongoing municipal golf provision is not sustainable financially without there being either or both a revenue subsidy and capital investment from the Council.
- 6.3 Organisationally the impact of a decision in this matter is potentially very significant. The Council is confronted by a very challenging financial outlook which could seriously affect the long term sustainability of the Authority and its ability to deliver statutory and essential services. The options analysis above seeks to address the opportunities and risks in this regard.
- 6.4 With regard to the town/borough the Council has a shortfall of housing land supply and has prioritised the need for achieving economic growth in order to achieve the aim of having sustainable communities.
- 6.5 The environmental consequences of the various options have not been assessed in any detail at this stage. Nevertheless whilst a development-led solution for the site would give rise to site-specific environmental impact the broad location is considered to be sustainable in meeting known development needs. In the event that the site were to be developed, at least in part, there would be the scope to mitigate on-site impacts.

7. Legal and statutory implications

- 7.1 The Council is not under any statutory duty as regards the provision of municipal golf.
- 7.2 The Council has a duty to achieve “best consideration” in the disposal of any land/property assets.
- 7.3 The Local Government Act 2000 (as amended) confers general powers of well-being to Councils thereby enabling them to undertake activities for the social, economic or environmental well-being of their communities.

8. Equality Impact Assessment

- 8.1 There are no such considerations arising directly from the matters addressed in this report.

9. Financial and resource implications

- 9.1 The broad financial context for this report is set out in section 2.6 above. Additionally the table at section 3.7 provide further context to assist members in understanding the high level financial/resource implications in this matter.

- 9.2 On a more specific note members are advised that should they wish to facilitate ongoing municipal golf at this location the following information should be taken into account:
- a) the likely annual revenue subsidy would be in the region of £150k per annum;
 - b) the immediate capital investment requirement in order to improve the playing condition of the course is estimated at around £50k with an additional requirement of between £250k and £500k over the next 2/3 years to address the improvement needs highlighted in the Sports Turf Research Institute report (undertaken last year) and;
 - c) the immediate capital investment requirement in respect of the Club-house and ancillary buildings is about £10k with a likely cost of up to £100k if the buildings are to be retained for the medium/long term use.
- 9.3 With the golf course reverting to the Council, whilst short-term management and maintenance costs have been negated by the decision to close the course for the foreseeable future, there will be ongoing holding costs for which no provision has been made in either capital or revenue budgets. The main revenue burden relates to National Non-Domestic Rates with the rateable value of just over £45K being apportioned at about £30K for the golf course and the balance relating to the buildings. This equates to a total NNDR liability of about £21,300p.a.
- 9.4 In the immediate short term it is proposed to take steps to secure the buildings to minimise the risk of vandalism. Additionally it would be prudent to undertake further measures to reduce the risk of trespass onto the site not least to protect the interests of the residents of the two houses on site. The estimated cost of doing these works (£10K) will have to be met from the Repairs and Renewal Fund.
- 9.5 Insofar as interim course maintenance is concerned (whilst the course remains closed) it will be necessary to balance the desirability of minimising expenditure with the longer term consequences for the golf course of implementing a minimal maintenance regime. At this stage your officers consider that the cost of cutting the grass on the course on a few occasions during the growing season would achieve a reasonable balance of these two competing objectives. Additionally it will be necessary to inspect/monitor the condition of the trees on the course. It is estimated that such a regime would cost about £5k p.a. and this cost could be met from the existing Operational Services budget (albeit at the expense of other grounds maintenance work).
- 9.6 Under a number of the options the Council could generate a capital receipt following the sale of land for development purposes. At this stage for the purposes of high-level analysis your officers have estimated the gross value of the development options based upon current land values.

	Option 4	Option 7	Option 8	Option 9
Estimated Gross value At 2013	-£0.6m	£10m	£25m	£40m

- 9.7 It should be noted that in the scenarios where significant amounts of development are identified the likelihood is that any disposals would be undertaken in phases thereby likely to achieve a higher overall values at the end of the process.
- 9.8 These values are considered to be realistic at the time of writing based upon known information. Of course any actual receipts will be influenced by three key factors:
- any site specific technical constraints;
 - any infrastructure investment requirements, and;
 - market conditions at the time of disposal.
- 9.9 If members agree with the recommendation to proceed with a masterplanning approach (to deliver options 7,8 or 9) members should be aware that the likely cost to the Council would be in excess of £100k (depending on the precise geographical scope and detailed nature of work). Whilst the size of the potential capital receipts are significant, at present, there is no specific budgetary provision for such expenditure.

10. Major risks

- 10.1 The most significant risk arises from the Green Belt status of the land which creates a significant impediment to the Council's ability to pursue a development-led solution to the site in the short to medium term.

11. Previous decisions/report

- 11.1 Reports to Cabinet on 22.5.2013, 16.10.2013 and 15.1.2014 along with various reports being considered at Overview and Scrutiny Committees in relation to Economic Development and Enterprise; Transformation and Resources and; Active and Cohesive Communities.

12. Appendices

- 12.1 Appendix 1 – Table showing high-level long-listing of options.

13. Background papers

- 13.1 Active People Survey (7) – published by Sport England autumn 2013