

REPORT OF THE PORTFOLIO HOLDER FOR ECONOMY AND EDUCATION

GOLF COURSE FUTURE OPTIONS APPRAISAL - PREFERRED OPTION SELECTION

EXEMPT INFORMATION

N/A

PURPOSE

To provide Members with a report detailing the options appraisal of the short listed future options for Tamworth Golf Course from which Members will select their preferred option for implementation.

RECOMMENDATIONS

That Cabinet:

- 1) Select their preferred option for implementation
- 2) Authorise the Portfolio Holder Economy and Education and the Director Communities Planning and Partnerships to progress the implementation of the preferred option, including the commissioning of relevant technical and legal services ahead of a specific report to Cabinet setting out a detailed implementation plan
- 3) Endorse the proposed principles for managing any potential capital receipt arising from the preferred option

EXECUTIVE SUMMARY

In March 2013 the Cabinet selected to re-open Tamworth Golf Course following the liquidation of the private sector operator. Cabinet approved the re-opening of the Golf Course on a temporary basis for a period between 12 months and 2 years until March 2015, at which point the funding identified in the Councils Medium Term Financial Strategy to operate the course runs out. Cabinet also authorised a project to assess the future options for Tamworth Golf Course to investigate the feasibility of a long list of options. The project was divided into three stages;

- 1) Needs Assessment – April 2013 to June 2013
- 2) Options Appraisal – June 2013 to January 2014
 - 2.1) Long list, 2.2) Short list
- 3) Implementation – January 2014 to March 2015

Previous reports to Cabinet in May 2013 and October 2013 have provided updates on progress. In May 2013 Cabinet approved the Needs Assessment and identified a set of criteria (below) by which the options would be assessed.

Table 1

Priority	Project Outcome	Draft Weighting
1.	Potential for and likely level of contribution to the Council's annual revenue deficit from 2016/17 onwards.	20%*
2.	Contribution to economic regeneration and growth in the Borough (including the provision of new housing development).	15%
3.	Potential for the option to generate a capital receipt for the Council and likely level of capital receipt.	15%
4.	Promotion of exercise and healthy lifestyles and contribution to increasing participation and reducing obesity.	15%
5.	Ability to meet the leisure needs of the Borough's residents and the Council's wider vision / strategy for sport and leisure provision.	15%
6.	Cost and timescales of implementation and level of risk involved / likelihood of delivery.	10%*
7.	Contribution to the delivery of the Council's environmental and sustainability objectives including protecting green and blue spaces.	10%

* Items 1 and 6 on the outcomes list have been highlighted as key criteria and options that score low in these elements may be unsuitable to implement given our key constraints – time and money.

More specific evaluation criteria under each heading were developed to help assess the options.

During the long list assessment (stage 2.1) the options were scored and the following shortlist (below) of four options was approved by Cabinet in October 2013 for more detailed assessment in stage 2.2.

- **Option G** - Part disposal of the site, retention of 18 – hole golf course through remodelling of holes to reduce land take (all 3 management options to be assessed)
- **Option I**- Complete disposal of the entire site to generate capital receipt to be utilised for wider strategic aims.
- **Option B** – Retention of a 18 hole golf course, plus development of ancillary provision
- **Options D & F** – Disposal of 9 holes for development, with the retention of 9 holes plus development of ancillary provision using part of any capital receipt. (in – house and outsourced management options to be assessed)

During the assessment of the short listed options (stage 2.2) the Council has undertaken further work to assess the feasibility of the options and a report by FMG Consulting is attached in Appendix 1. That report should be read in conjunction with this report to provide an understanding of the key issues affecting the selection of a preferred option.

The need for significant capital investment into a new club house and the course is problematic for the future viability of the golf course and has counted heavily against a number of the options. The appraisal has also shown that under all the options that an existing external private leisure provider with trust/charitable status (to take advantage of reduced business rates) is the best option for future management of a facility. Experience (ours and other providers) has alongside the project work shown that a reliance on golf income alone is not sustainable and that a future golf course would need to provide a wider range of income streams to be commercially sustainable. Market testing with golf/leisure providers has shown that there is interest in an 18 hole golf course but limited opportunity for significant external capital investment. There was much less (only one company) interest in a 9 hole course despite this being promoted by Golf England as the future for golf. A draft facility mix was considered and priced up by Entrust which indicated a cost of circa £2.3m for a new facility. It is possible that this cost could be reduced through procurement and amending the specification however it serves as a prudent guide price. Should a future facility be commissioned this would need to be done in partnership with a private provider and meet their commercial needs. Market testing has shown that there is a significant interest from developers with regards to the potential for housing on the site.

Table 2 below shows the strategic implications and risks of each of the options.

Table 2.

Outcome	Option B	Option D / F	Option G	Option I
Contribution to economic regeneration and growth in the Borough (including the provision of new housing development)	Option B makes the lowest contribution to the achievement of this project outcome as it provides some new jobs as part of the increased range of facilities on site but it does not allow for the provision of any new housing towards the Council's targets.	Options D / F make a significant contribution to the achievement of this outcome as they enable a large housing development to be provided on the site.	Option G makes a greater contribution to the achievement of this outcome than Option B but less than Options D, F and I as it only allows a limited number of houses to be developed on the site.	Option I is the strongest performing of all options against this project outcome because of the significant amount of housing that could be provided on the site (the largest of all options), delivering against both the Council's housing target and supporting additional construction employment if local companies are involved in the development.
Promotion of exercise and healthy lifestyles and contribution to increasing participation and reducing obesity	This option is likely to make a significant contribution to the achievement of this project outcome (with Option G) because it protects and enhance the existing provision. However it doesn't provide for capital investment into other leisure provision.	Although these two options do result in the loss of part of the course potentially resulting in some users no longer wishing to use the course (given their preference for playing 18 holes of golf), it is possible that the 9 hole course will attract a new type of casual user who did not use the previous 18 hole course. It may also release capital to invest in a new facility that could broaden the leisure/health opportunities.	This option is likely to make a significant contribution to the achievement of this project outcome because it protects and enhance the existing provision with only a minor remodelling of the course.	Option I is likely to make the smallest direct contribution to the achievement of this project outcome of all options because there will be no sports facilities remaining and it will result in a closure of the golf facility. This could be offset somewhat by incorporating accessible open space within the housing development and investing some of the capital receipt from the site into the provision of new sport and leisure facilities and activities elsewhere in the Borough.
Ability to meet the leisure needs of the Borough's residents and the Council's wider vision / strategy for sport and leisure provision	All of the options perform similarly against this project outcome. Option B protects and enhance the existing golf course provision which was identified as being required in the Council's 'Joint Indoor and Outdoor Sports Strategy' in 2009, however it does not allow for the possibility of delivering some of the Council's wider sport and leisure objectives identified in this document such as a leisure centre with a swimming pool and sports hall, via release of a large capital receipt for re-investment.	All of the options perform similarly against this project outcome. Options D / F only leave a 9 hole golf course remaining, however they do provide other additional facilities such as the driving range and health and fitness suite and also provide a capital receipt for potential reinvestment into other facilities and services that are required in the Council's Sports Strategy.	All of the options perform similarly against this project outcome. Option G protects and enhances the existing golf course provision (with only a minor remodelling of the course required) which was identified as being required in the Council's 'Joint Indoor and Outdoor Sports Strategy' in 2009, however it does not allow for the possibility of delivering some of the Council's wider sport and leisure objectives identified in this document such as a leisure centre with a swimming pool and sports hall, via release of a large capital receipt for re-investment.	All of the options perform similarly against this project outcome. Whilst Option I removes the golf course in its entirety, which is clearly negative for sport and leisure provision, it does provide the most significant capital receipt which could be used to reinvest into facilities and services that are required in the Council's Sports Strategy.

Outcome	Option B	Option D / F	Option G	Option I
Level of risk involved / likelihood of delivery	<p>Option B is likely to present the lowest level of risk in terms of the successful delivery of the project as it does not involve significant housing development (so less risk of planning problems and objections). The only development under this option is the new clubhouse and as it is intended to be a single-story replacement building this is also a low risk planning option. It is likely that the level of external operator interest in this option is highest so the likelihood of securing market interest in the project is also high, which lowers the risk of successful implementation and sustainability of operation.</p> <p>Full risk assessments for each option are included in Appendix B.</p>	<p>Options D / F are relatively high risk as they involve significant housing development. They do result in a golf course remaining rather than the total loss of the course (as in Option I) however there is a risk of the course not performing as well as it should and the Council being subject to increased revenue costs. This risk could be mitigated by externalising the management of the course, however the 9 hole option is likely to result in a lower level of market interest from golf operators, with operators who manage both golf and sport / leisure facilities being the only interested parties. However, it does involve managing two complex projects to identify a development partner for the housing and an operator partner to redevelop the clubhouse and manage the course.</p> <p>Option D is likely to generate less objections from local residents but Option F is likely to be a higher risk delivery option due to the smaller developable area with the material tipped onto the back 9 of the course and the need for new transport and services infrastructure.</p>	<p>Option G could be seen as a lower risk than the other options that involve housing development because the scale of the housing development is not as significant as the other options so planning issues and objections may be more surmountable and it retains and enhances the 18-hole course format (as per Option B) which should maximise operator interest. However, it does involve managing two complex projects to identify a development partner for the housing and an operator partner to redevelop the clubhouse and manage the course. This will involve significant Officer time and resources. The scale of the housing development is also large enough to lead to potential objections from local residents which means that there are still a number of significant risks involved in this option.</p>	<p>Option I appears to be a high risk option as it involves the most significant housing development which could be influenced by planning issues, local objections, land values, ground conditions, fluctuations in the economy etc. However, the political, reputation and planning risks are all short-term risks and if Option I can be successfully implemented then there is no long-term risk to the Council's revenue position as there will be no golf course remaining and a significant capital receipt will have been generated.</p>
Contribution to the delivery of the Council's environmental and sustainability objectives including protecting green and blue spaces	<p>Option B is positive for its contribution to this project outcome because the course is protected and so there is no adverse environmental impact.</p>	<p>Options D / F are only marginally better than Option I because they do not involve the full development of the course.</p>	<p>Option G is positive for its contribution to this project outcome because the course is mostly protected (with only a relatively small development) and so there is likely to be minimal adverse environmental impact.</p>	<p>Option I is likely to be the most negative for environmental sustainability due to the larger redevelopment site (although the provision of housing is a part of the definition of sustainability in this context). This could be offset to an extent through careful masterplanning of the site to ensure it includes accessible open spaces and using some of the capital receipt to contribute to the enhancement of nature reserves and open space in the Borough.</p>

Outcome	Option B	Option D / F	Option G	Option I
Impact on equalities, customers and local residents	<p>All options score similarly in relation to their impact on equalities as they should not disadvantage one group or type of person over any other particular group / type.</p> <p>Full equalities impact assessments for each option are included in Appendix A.</p>	<p>All options score similarly in relation to their impact on equalities as they should not disadvantage one group or type of person over any other particular group / type. Options D / F will potentially be perceived as having a negative impact on the current users of the course and local residents whose homes back onto the course, although this could be mitigated through the planning process. These people could be represented by all sexes, races, ages etc. so the options are not likely to have a negative impact on one specific group / type more than any other.</p>	<p>All options score similarly in relation to their impact on equalities as they should not disadvantage one group or type of person over any other particular group / type. Option G will potentially be perceived as having a negative impact on the current users of the course and local residents whose homes back onto the course due to the planned development, although this could be mitigated through the planning process. These people could be represented by all sexes, races, ages etc. so the options are not likely to have a negative impact on one specific group / type more than any other (and the development is a lot smaller than under Options D, F and I).</p>	<p>All options score similarly in relation to their impact on equalities as they should not disadvantage one group or type of person over any other particular group / type. Option I will potentially have the most negative impact on the current users of the course and local residents whose homes back onto the course, although these people could be represented by all sexes, races, ages etc. so the options are not likely to have a negative impact on one specific group / type more than any other.</p> <p>Current users can access golf at other local courses however the risk with Option I is that the Council cannot control the access policies of the alternative golf providers in the surrounding areas so cannot guarantee equality of access beyond its borough boundaries.</p>
Views of key stakeholders	<p>Users (golf club members) and residents (Citizens Panel members) all favoured the options that retained the 18 hole golf course. The development of the ancillary facilities was extremely popular as it will improve the offer to golfers and open the facility up to non-golfers. However without development this is unlikely to be affordable. Sport England and England Golf would not object to this option. Further detail on the consultation with Sport England and England Golf is provided below this table.</p>	<p>Options D / F were only marginally more acceptable than Option I with most consultees expressing the view that a 9 hole course was not enough and that housing development on half of the course was too much. Residents who live locally to the course were particularly unhappy with the options that involve housing development on the course. Sport England is likely to object to this planning application as it will result in the loss of part of the golf course unless it can be evidenced that there is not enough demand to justify the 18 hole course. A golf needs assessment is being carried out to ascertain this which will be finalised in January 2014. The preferred option for England Golf is to convert the course to a 9 hole course (see below for further details).</p>	<p>Development on the course was not a favoured scenario, however Option G which includes some development and retains the 18 hole course was the most palatable of the development options. The development of the ancillary facilities was extremely popular as it will improve the offer to golfers and open the facility up to non-golfers. However without development this is unlikely to be affordable. Residents who live locally to the course were particularly unhappy with the options that involve housing development on the course. Sport England is unlikely to object to this planning application as it will result in the retention of an 18 hole course and enhanced ancillary provision. England Golf is likely to be supportive of this option.</p>	<p>Option I was not deemed as being acceptable to the users or residents due to the loss of the course / an attractive open space. Residents who live locally to the course were particularly unhappy with the options that involve housing development on the course. Sport England is likely to object to this planning application as it will result in the loss of the golf course unless it can be evidenced that there is not enough demand to justify the 18 hole course. A golf needs assessment is being carried out to ascertain this which will be finalised in January 2014. England Golf would not be supportive of the total loss of the golf course and would prefer it to be retained.</p>

Outcome	Option B	Option D / F	Option G	Option I
<p>Financial Risk (see Section 4 for more details)</p>	<p>This option is only likely to generate a revenue return to the Council if the Council funds the capital investment into the ancillary facility improvements and an external Trust manages the facility. Even in this scenario, the revenue return is not likely to be sufficient enough to cover the financing cost of the capital investment and with the lack of a capital receipt generated from housing there is unlikely to be an overall business case for this option. If the operator was to fail to achieve the revenue targets there is a long-term risk of the facility being handed back to the Council.</p>	<p>Both options are similar to Option B in that the course could return a revenue stream to the Council but only in the event of the Council investing the capital to make the improvements and the course being managed by an external Trust. The key difference is that, under both of these scenarios, a capital receipt is generated from the housing which could fund the capital investment and make the overall business case viable if some of the capital receipt is reinvested.</p> <p>The long-term risk still remains that if the operator was to fail to achieve the revenue targets it could result in the facility being handed back to the Council. The nature of the more fundamental changes to the course under these options (i.e. reduction to 9 holes) may mean that this risk is slightly higher under these options.</p>	<p>Option G could also return a revenue stream to the Council in the event of the Council investing the capital to make the improvements and the course being managed by an external Trust. The key risk with this option is that the capital receipt for the housing is unlikely to be significant enough to make the overall business case viable.</p> <p>As per Option B, there is still a long-term risk that if the operator was to fail to achieve the revenue targets it could result in the facility being handed back to the Council.</p>	<p>Option I is the lowest financial risk option as there is no golf course that may require on-going revenue support and no capital investment required by the Council. The Council is likely to be in the best financial position from this option because of the potential large capital receipt that could be achieved from the sale of the land. The key risks are linked to the sale and value of the land and likely objections to the project which are covered in more detail overleaf under the overall risk rating category.</p>

Further comment on options B and G

Options B and G are not considered deliverable given the requirement to invest capital to replace the club house facilities alongside investment into the course such as a replacement of the irrigation system. The Council lacks the capital finance to do this without disposing of part of the course. While Option G includes a disposal of some land on the course it is not sufficient to support the likely capital requirement. The market testing has suggested that it is very unlikely that a provider would be able to finance the capital costs and therefore borrowing costs affect the viability of the options. Nor do these options support the wider Council needs around housing provision.

Further comment on options D and F

Options D and F likewise suffer from the need for capital investment and this reduces the business case for these options. The report from FMG indicates that the Council would need to invest significant capital (up to £2.3m) into the new facility in order to generate a positive trading return for the new business. Should the Council only choose to invest some of the £2.3m then the report indicates that the Council might need to tie up the remaining capital balance through investing it to provide a revenue stream to offset the revenue costs of the new facility particularly if it borrowed the capital costs. The trading return to the Council even in the most positive model doesn't cover the cost of the original investment. Market research has shown that only one provider is likely to have a strong interest in running this type of 9 hole business, this would make securing a competitive deal impossible due to the lack of competition. Despite the lack of market interest locally, England Golf see this type of approach as the future for golf. A 9hole model is more likely to work alongside a portfolio of 18hole courses and where local conditions are more favourable i.e. without such a low level of income and without the need for £2.3m capital investment. Significant risks to note include the potential that a deal with an operator couldn't be agreed. That such a deal could fail and the councils capital investment could be put at risk, this could also mean that the Council would have to a) close the course, b) re-tender or c) take it back in house. To mitigate against these risks the Council could choose to offer a nine hole course to the market without any capital investment and with a stipulation that the Council will not provide any revenue support but expected a share in future profits. Given the limited market and high level of investment required it is questionable if such a deal would be achievable. If no such deal was to be found then the Council would have lost the estimated £55k costs of tendering and agreeing a deal with an operator. The Council would also take on a significant risk in funding the development – through additional borrowing (& the associated interest / repayment costs over the life of the asset) or reliance on the capital receipt which would need to be realised very quickly to mitigate the risk.

Further comment on option I

The Council has investigated for options D/F and I the development constraints on the site and while there are significant constraints to be addressed there are no "show stoppers" which prevent re-development of the site. It is feasible that further investigation will highlight additional issues to be addressed should it be re-developed and the planning process will require any development to show how adverse impacts can be mitigated. However there is significant potential for a housing development to provide positive benefits to the town.

Option I has a lower amount of financial risk to the Council, however, in order to maximise the sale proceeds the Council might need to commit funding to cover implementation costs exceeding £300k. While the decision to re-develop the course will not be popular it would support strategic needs such as housing and regeneration. There is the option to offset the loss of the leisure benefit provided by the course through provision of quality open space on the site alongside a sensitively planned housing development. It should be noted that Sport England will be concerned about the reduction in golf provision and likely object to a planning application to re-develop the site. There is also the opportunity to fund other leisure provision in the town which could potentially more than offset the loss of the golf course. Other local golf courses are within reasonable distance and are available to golfers however in some cases these cost more to access than Tamworth Golf Course. Issues surrounding the

redevelopment for housing such as the ecological impacts and infrastructure requirements will need to be addressed through the planning process.

RESOURCE IMPLICATIONS

Project costs

The future options appraisal project was initiated with a budget of £50k to date £26k has been committed to technical and legal assessments to inform the appraisal leaving a residual budget of £24k. This remaining funding can be used towards the costs of implementing the preferred option. However as previously stated the costs for implementing the options are likely to exceed the £24k residual amount. A further report will be required to identify the likely costs for implementation of the preferred option.

Future options appraisal

The Council has not identified funding beyond March 2015 to subsidise golf provision. The Golf Course is a significant public asset and was assessed with a view to how it can provide an income to support the provision of essential Council services in the future. The Council has faced funding cuts of circa 40% in recent years and although it produced a balanced General Fund Medium Term Financial Strategy for the next 3 years in February 2013, updated base budget projections in November 2013 show a significant deficit in the longer term. These projections, updated to include the impact of the Comprehensive Spending Review on Government Grant levels and other cost pressures, show a General Fund (GF) shortfall of £2.8m by year 3 followed by an ongoing annual deficit of over £3m p.a. (£8.9m over the next 5 years) There is on-going work commissioned by the Executive Management Team (Cabinet/CMT) under the umbrella of the Sustainability Strategy to address this through a combination of income generation / revenue savings from housing, business rates and service reviews

Key criteria for the future options appraisal was the degree to which the options would contribute to the Councils budget deficit (tempered against the other key indicators) and that it should as a minimum provide an income to the Council.

FMG Affordability Summary (extract from the FMG report)

From the revenue modelling carried out it is clear that the only options that break even and potentially offer a return to the Council are those involving operation by an external existing operator through a long lease / management contract. Each of the development options has the potential to return a surplus to the Council after year 2 under this management model from a revenue perspective, however when including the financing of the c.£2m capital investment required into the new ancillary facilities, it becomes clear that only the options that can generate a significant capital receipt (D/F/I)are viable from a net cost position.

This is illustrated by table 5.2 where none of the options are affordable without a capital receipt.

Table 3 –Affordability per Option Excluding Capital Receipts

Development Option	Management Option	Average Annual Affordability - 25 Years
B	In-house	(235,396)
B	Existing trust	(74,380)
B	New trust	(172,558)
D / F	In-house	(290,172)

Development Option	Management Option	Average Annual Affordability - 25 Years
D / F	Existing trust	(94,542)
D / F	New trust	(180,526)
G	In-house	(239,398)
G	Existing trust	(78,382)
G	New trust	(176,560)

Option B can be ruled out as it does not generate a capital receipt from housing to help fund the investment into the golf course. To make the project affordable, the Council could invest some of the capital receipt received from the housing development to fund the capital investment into the golf course facilities. Options D / F are the only viable options for this as Option G does not provide a significant enough capital receipt.

The report has concluded that the Council would need to reinvest c£1.5m of the capital receipt received into the capital cost of the golf course improvements under Options D / F (therefore minimising the need to borrow and the associated borrowing costs) in order to receive a positive average annual return from the golf course.

If the Council utilised the capital receipt from the housing to fund the full capital cost of the golf course project it would not need to borrow any of the capital required (and thus not incur the borrowing costs) so the project would return an annual surplus to the Council of circa £60k per annum however this would only generate a return of c£1.5m per annum over a 25 year period when compared to the original upfront capital investment of over £2m.

An alternative option is to reinvest the capital receipt from the housing development. If the capital receipts generated were to be reinvested at an interest rate of 2% per annum then Options D and F would become affordable. Examining the return on investment of any capital receipt received also demonstrates the positive net position of Option I.

Table 4– Revised Affordability Based on Reinvestment of Capital Receipt

Development Option	Management Option	Average Annual Affordability - 25 Years
D	In-house	(45,249)
D	Existing trust	79,190
D	New trust	(6,793)
F	In-house	(40,765)
F	Existing trust	83,674
F	New trust	(2,309)
G	In-house	(232,992)
G	Existing trust	(71,976)

Development Option	Management Option	Average Annual Affordability - 25 Years
G	New trust	(170,154)
I	N/A	349,899

The table shows that Options D and F (operated through an existing trust) could provide an average return to the Council of circa £80k per annum if the capital receipt was reinvested, although the first two years of the 25 year period are both in deficit. Option F provides a slightly better return to the Council than Option D because the 'back 9' land is valued at a greater level than the 'front 9' for development purposes based on notional scheme estimates from the DVS report. The final capital receipt will only be clear at the point of sale and depends on a number of factors). Options D and F both do not start generating a return for the Council until year 3 (2018/19), however, there may be an opportunity to agree a solution to this whereby the operator cashflows early year deficits in return for lower future payment to the Council in later years.

The value of the land that could be developed under Option G is not significant enough to have a major impact on the affordability of that Option.

Option I, which involves disposing of the whole course, is clearly the most financially advantageous for the Council as it has a greater land value and does not involve any borrowing costs for investment or on-going revenue responsibilities for the course. This Option generates a return to the Council from 2015/16 as it removes the cost of operating the course and generates interest immediately.

Implementation costs

It is difficult to estimate the implementation costs however based on previous experience and professional opinion the following costs are likely.

	Option B	Option D	Option F	Option G	Option I
Procurement costs – operator	£40k	£40k	£40k	£40k	-
Legal costs – operator procurement	£15k	£15k	£15k	£15k	-
Sale costs (based on an unconditional sale)	-	£300k*	£300k*	£150k*	£350k*
Course remodel costs	-	*inc in capital cost	*inc in capital cost	£52k	-
Close down costs	-	-	-	-	£15k
Total	£55k	£355k	£355k	£257k	£365k

*This costs could be considered as invest to save as it will help improve the capital receipt through establishing more detail on the site ahead of a sale. As a very rough guide every £1 spent at this point could be returned ten times through a better sale price.

Potential funding sources available:

Unspent Golf Project budget £24k

Leisure Capital Contingency Budget £150k

2012/13 GF revenue contingency budget £150k

Future Capital receipts

New homes bonus

Indications are that the whole site could accommodate up to 1000 new homes which, under the current Local Government funding arrangements, would generate additional revenue income from New Homes Bonus grant. Based on the options, the maximum New Homes Bonus receivable would be as shown below:

Number of Houses (Band D):	50	100	200	300	400	500	600	700	800	900	1000	Annual Property increase	by October:
Financial Year	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
2014/15	-	-	-	-	-	-	-	-	-	-	-	-	2013
2015/16	-	-	-	-	-	-	-	-	-	-	-	-	2014
2016/17	-	-	-	-	-	-	-	-	-	-	-	-	2015
2017/18	6	12	23	35	47	58	70	82	93	105	116	10%	2016
2018/19	17	35	70	105	140	175	210	245	279	314	349	20%	2017
2019/20	35	70	140	210	279	349	419	489	559	629	699	30%	2018
2020/21	58	116	233	349	466	582	699	815	932	1,048	1,164	40%	2019
2021/22	58	116	233	349	466	582	699	815	932	1,048	1,164	-	2020
2022/23	58	116	233	349	466	582	699	815	932	1,048	1,164	-	2021
2023/24	52	105	210	314	419	524	629	734	838	943	1,048	-	2022
2024/25	41	82	163	245	326	408	489	571	652	734	815	-	2023
2025/26	23	47	93	140	186	233	279	326	373	419	466	-	2024
Total	349	699	1,397	2,096	2,795	3,493	4,192	4,891	5,590	6,288	6,987		

It should be noted however, that due to sale & development time then the majority of the income would be receivable in the longer term – and would risk the Government potentially changing Local Government Funding arrangements and removing the new homes bonus incentive completely. The receipt of this income is therefore extremely uncertain.

Capital receipt

Under a number of the options the Council could generate a capital receipt following the sale of land for redevelopment.

	Option B	Option D	Option F	Option G	Option I
Capital receipt – based on the DVS valuation 2013	-	£6.78m	£6.955m	£250k	£13.68m

*Valuations based on the valuation by the DVS 2013..These valuations are viewed as a prudent estimate of the potential receipt. While these estimates are robust and can be used for financially modelling it should be noted that the actual receipt at the point of sale will be different from these figures as it is dependant on market forces at the time of disposal.

The Council has a significant shortage of capital funds and currently is unable to sustain its capital programme; this carries risks to the future viability of the town and severe legal risks to the Council in meeting some of its responsibilities for providing Disabled Facility Grants.

It should also be noted that all the golf options (B,D,F&G) require significant capital investment (circa £2m for the club house and £300k to complete the driving range) to make them more commercially viable.

Should the Council generate a capital receipt then the following principles should be applied

1. Subject to a viable business case including invest to save principles that part of the receipt be used to support leisure provision on or off the golf course site to offset the loss or reduction of the golf facility
2. Subject to a viable business case including invest to save principles that part of the capital receipt be used to support regeneration and economic growth to help create jobs and wealth for residents
3. Subject to a viable business case including invest to save principles that part of the capital receipt is invested to support future capital receipts and generate revenue to provide support for Council services in the future

LEGAL/RISK IMPLICATIONS BACKGROUND

Project

A project group was established to manage the process and to consider legal and general risk. To date the project has delivered within budget and on time. Technical and legal assessments have been commissioned to assess legal and practical risk issues.

Options

Each of the options has been considered against the equalities strands and an impact assessment undertaken. While the impacts of the various options differ there is no evidence that any equalities issues arise from the options directly.

SUSTAINABILITY IMPLICATIONS

There are a range of sustainability issues for the service, organisation, town and environment.

Service provision, the report and associated work undertaken shows that the current provision is not sustainable financially and that options including golf provision are not demonstrably financially viable without significant capital investment from the Council. The scale of this capital investment is prohibitive and creates material risk to the authority for the future. The process has sought to explore a range of golf options to assess how the Council might make the service sustainable alongside meeting its other key criteria notably finances.

Organisationally, the Council has a very challenging financial future which could affect the sustainability of the organisation and its ability to deliver statutory and essential services. The options have been assessed using criteria that consider the effects on the Council and its ability to deliver statutory and essential services.

Town, the town has a significant shortage of housing and a need for further economic impetus and growth these factors have also been considered.

Environmental, the environmental factors associated with the options have been considered and clearly a number of the options include re-development of the course for housing. This would have a negative environmental impact which could be offset through the planning process by designating appropriate high quality and accessible open spaces as part of the development.

BACKGROUND INFORMATION

Golf Course, service provision update

Significant improvements have been made at the Course with £100k capital funding used to complete the unfinished mounding and seed it with grass. Capital works were also completed on the club house in the main these were essential works to ensure it was fit for purpose. The course has been operated on a “value golf” basis with cheap prices to reflect the local market for golf and the relatively limited facilities at the club house. Additional expenditure on the bar and kitchen has not been committed due to the ongoing options appraisal and because it would not have been economical to invest. The club house itself is not fit for the future and needs to be replaced. The course needs new irrigation and drainage works.

The Course has 229 members on a variety of tariffs and has a number of regular weekly users during the summer period with a larger number of ad hoc users in the summer. The numbers playing in the winter are low and income targets have been hard to achieve. The Golf Course is budgeted to make an £80,000 loss but is estimated on current income to make a loss of £100k this year. A similar loss is expected in the financial year 2014/15. This is despite the considerable efforts from the shop and greens staff.

Demand and supply

Work has been completed to assess the supply and demand in relation to golf provision locally. It is difficult to assess the demand side but the report has been generous in estimating demand to ensure that we are as positive as possible. The work shows that there are a large number of local golf courses within a 20-25minute drive of Tamworth (appendix 2). The work has considered the impact of reducing the course to 9 holes and of closing the course. While this reduces the provision of golf locally it is clear that the 11 clubs within a 20 minute catchment could cope with the additional demand resulting from a closure or reduction in size. There are a further 17 courses within 20-25 minutes catchment area and a mix of access types especially at the 20-25 minute catchment.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

Cabinet 26th March 2013

Cabinet 30th May 2013

Cabinet 24th October 2013

APPENDICES

Appendix 1 – Short List Options Assessment – FMG Consulting

Appendix 2 – Map showing local golf courses