



**Communities Scrutiny Group**

**Thursday, 28 January 2021**

**Edwalton Golf Courses Strategic Review**

## **Report of the Executive Manager – Finance and Corporate Services**

### **1. Purpose of report**

- 1.1. This report provides a position statement on Edwalton Golf Courses (EGC) and recommends a way forward for what is a significant asset for the Council.
- 1.2. A Member Group was formed in 2016 and reported to Cabinet in June 2017. It focussed on four options;
  - a) Retain a municipal golf course in the Borough;
  - b) Develop the whole site (i.e. sell the land for development);
  - c) Change of use – change from exclusive golf provision to a more diverse leisure provision on this site; and
  - d) Develop part of the site – retain part of the site for leisure use as in c) above and sell the remaining part for development.
- 1.3. At the June 2017 Cabinet meeting it was agreed that “barring any significant changes from the current position at Edwalton, the Edwalton Golf Courses Strategic Asset Review Member Group – should reconvene in line with the Local Plan review or two years before the end of the Glendale contract, whichever is the soonest. This will be subject to any significant adverse change to the Council’s financial position”
- 1.4. In January 2020, Cabinet resolved to review ongoing provision of golf at Edwalton as Lex Leisure has struggled to ensure the golf course retains any viability given the challenging operational environment (previously reported in financial reporting to both the Corporate Overview Group and Cabinet), and that a report be commissioned to consider whether there is a golfing need for EGC and an alternative options appraisal if a need is not established for consideration by the Communities Scrutiny Group.
- 1.5. Knight, Kavanagh and Page (KKP) (which provides specialist services in sport, leisure, culture, regeneration and green spaces) was appointed to undertake a two-stage study in respect Edwalton Golf Course;

Stage 1: A Golf Needs Assessment

Stage 2: Edwalton Golf Courses Options Appraisal (Feasibility Study)

- 1.6. Clare Macleod, Director and Principal Consultant of KKP will provide an overview presentation of the Stage 1 and Stage 2 key findings as identified in paragraph 1.5 above.

## **2. Recommendation**

It is RECOMMENDED that Communities Scrutiny Group considers the KKP Needs Assessment and Options Appraisal findings and agrees the following recommendations to Cabinet:

- (a) the significant asset Edwalton Golf Course should not continue in its current form, given its low usage and the current cost to the taxpayer;
- (b) that master planning work is undertaken for the site including a business case with a report to Cabinet in 2021- to tie in with the Local Plan process,
- (c) that at least some of the site (current par 3 course) should be considered for development for housing as part of the master plan work; and
- (d) that there is potential to develop and invest in a driving range and community facility as part of the master plan work.

## **3. Reasons for Recommendation**

To ensure the Council continues to deliver maximum value for money for taxpayers across the Borough, optimising the use of its asset base and meeting the Council's corporate objectives.

## **4. Supporting Information**

- 4.1. Edwalton Golf Centre features two 9-hole courses; one standard hole course and one par 3 course. In addition, it provides a small, 6-bay driving range as well as a practice putting green and a multi-purpose clubhouse. The facility is contracted by the Council to Glendale Golf, which, in turn, sub-contracts the provision to Lex Leisure. A separate members' club also accesses and runs from the site.
- 4.2. The Council has been pro-active to assist EGC maintain financial viability and the following actions have been taken by the Council and Lex Leisure:
  - £100k was spent by the Council on capital improvements enabling the refurbishment of the pavilion changing rooms, toilets, and improvements to the course irrigation system. Over time the asset will continue to be capital intensive;
  - Lex itself has invested £50k of capital investment;
  - The Management fee has fallen from £78k (2015) to £21.4k from December 2017 – waived for 2019;

- The movement from Glendale to Lex generated additional income (with VAT savings); and
  - Lex is still running at a significant loss (see paragraph 7.1.1) despite many improvements and initiatives including, events, signage for golf simulator and 'member of the month.'
- 4.3. The Stage 1 Needs Assessment undertaken by KKP was to evaluate whether the golf provision at the site was surplus to requirements, either as a whole or in part to inform the future use of the site.
- 4.4. The Needs Assessment concluded that Edwalton Golf Course is positioned as an entry level facility that is primarily focussed and reliant on pay and play users. To that end, it is unique within the catchment area analysis of 20-minute drive time. Eight of the nine other facilities within the catchment area are predominantly set up to cater for members and, as such, are much more expensive to access. Moreover, they do not provide a 9-hole or a par 3 offering. However, despite low levels of demand compared to other facilities within the catchment area, closing Edwalton Golf Centre in its entirety would still be challenging to its relatively few existing members as well as its pay and play users.
- 4.5. Equally, whilst evidence suggests that the facility should continue, it cannot in its current guise given the financial losses being accrued; current levels of demand are not sufficient to make the existing provision financially viable. It should be noted that whilst demand has increased during the pandemic, it is unclear as to whether this is sustainable once a 'new normal' returns.
- 4.6. In summary, the Stage 1 Needs Assessment recommended:
- Keep the 9-hole standard course (even if at the expense of the par 3). If this is not possible in terms of space, a 6-hole standard course alternative should be considered as part of the Stage 2 options appraisal.
  - Develop the driving range bays by increasing the number, covering more bays and providing floodlighting to enhance income generating potential. If this is not possible, the provision does not require retention in its current form given how restricted the provision currently is in terms of how much demand can be accommodated. Investment in the virtual, indoor offer could be sought instead.
  - Improve the clubhouse. This should be geared to members, pay and play users and particularly wider community use as well as daytime and evening commercial activity.
  - Reconfigure the course to best enable site master-planning that may enable some potential housing development, provided that this ensures that golf facilities of the requisite quality are developed. This would almost certainly enable the Council to further reduce the revenue subsidy needed as well as driving increases in participation, provide a site for further housing development and a capital receipt that can be utilised to support the capital programme (where resources are reducing, and future borrowing is anticipated).

- 4.7. Based upon the Stage 1 Needs Assessment findings and recommendations, the Stage 2 report key lines of enquiry were amended to reflect that whilst evidence suggests that the facility should not be lost in full, it is also clear that it cannot continue to operate in its current guise given the financial losses being accrued. Therefore, the Stage 2 report looked to identify how Edwalton Golf Courses can be more commercially viable.
- 4.8. The Stage 2 feasibility study concluded that no evidence was found to suggest that a 6-hole golf course will be preferable to the current 9-hole offer and should be discounted. The 9-hole standard course should be retained, accompanied by an improved range of additional amenities. The golf offer feasibility of Edwalton Golf Courses only makes financial sense if the current site has capacity to host a driving range and that the residual elements of the par 3 could be made available for development.

## **5. Alternative options**

- 5.1. The Council could choose to reject the KKP report findings in whole or in part, but this will not address the financial losses currently being experienced by the asset in its current operation.
- 5.2. The Council could decide to close the facility and maintain it as open space; however, this would incur an estimated cost of £88k per annum and would mean the demand for the facility by 'pay and play users' and existing members not being met. It would be difficult to demonstrate this offers best value for money for the Rushcliffe taxpayer. Furthermore, this is likely to prevent the site from being developed in the future.
- 5.3. The other extreme is that the whole site could be developed for housing, but this would mean the demand for golf by 'pay and play' users and existing members not being met. Bodies such as Sport England could object if it is perceived there is detriment to the leisure provision. Any full development of the site would have to be sensitive to alternative leisure provision such as walking and cycling.

## **6. Risks and Uncertainties**

- 6.1. The feasibility case study highlights there will be a need to invest in floodlighting for the driving range element for which planning permission would be required. This is essential to its use and viability.
- 6.2. There is a risk related to the financial projections of the business case not being realised; however, KKP has undertaken sensitivity testing regarding the robustness of the driving range business plan to mitigate this risk.
- 6.3. The current plan for the developable area for both a driving range and housing is a high-level assessment and the next steps would be to undertake a detailed site appraisal considering all planning related constraints to its development.

- 6.4. Edwalton Golf Course has been consistently considered within the strategic housing assessments as potential development land. It is identified within the Local Development Plan as safeguarded land, which means, whilst it is marked for future development, the land is not currently required to fulfil the Local Plan housing numbers. For it to be identified as suitable for development would require its allocation through a review of the Local Plan and would be dependent on the need for housing on the site.
- 6.5. The new contract arrangements ensure that further subsidy is payable to the contractor if usage worsens; or if usage improves then profit would be paid to the Council. Based on recent years' performance EGC is likely to incur financial losses.
- 6.6. There is an opportunity in that it gives the Council the ability to ensure the asset is better utilised and is likely to give rise to a significant capital receipt and provide the opportunity to influence housing development.

## **7. Implications**

### **7.1. Financial Implications**

- 7.1.1. Edwalton Golf Courses has made a loss year on year with its current activity (on average around £44k per annum, 2017-2019).
- 7.1.2. The KKP feasibility study suggests that with improved facilities, the driving range and clubhouse could potentially make a trading surplus.
- 7.1.3. Capital investment would be required in order to create a new driving range and modernise the clubhouse and this would need to be included in the capital programme.
- 7.1.4. Any capital receipt generated from the development of the par 3 course would be re-invested in the cost of the development of the asset and reduce the need to borrow externally to support the Capital Programme. This could realise a capital receipt of £15m. This would reduce both the burden of revenue costs going forward in terms of running the facility and the potential cost of borrowing to fund other capital schemes. Fully developing the site, being sensitive to both the environment and alternative leisure provision, could generate c£50m.
- 7.1.5. Further detailed financial analysis (alongside master planning) would be required in order to assess any business case going forward.

### **7.2. Legal Implications**

There are no immediate legal implications arising from a review of a Council asset. Changes of use for the site/development will be subject to planning approval.

### 7.3. Equalities Implications

No known equalities implications at this stage but any review would consider the equality and diversity requirements of the residents of the Borough.

### 7.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no immediate Section 17 implications at this stage.

## 8. Link to Corporate Priorities

Quality of Life	EGC is an underutilised asset and changes to its use is likely to improve the quality of life whether it results in alternative leisure provision or additional housing or a mix of both.
Efficient Services	Currently EGC is a loss-making entity and is effectively subsidised by the existing leisure contract and is an inefficient use of Council resources. Potentially a large capital receipt will enable resources to be re-invested to support all the Council's corporate objectives.
Sustainable Growth	Potential alternative use of EGC may give rise to additional housing leading to housing growth in the area.
The Environment	It is accepted that EGC is a large green space and a 'lung' within Rushcliffe. Any alternative use of the asset will have to sensibly take into account environmental issues.

## 9. Recommendations

It is RECOMMENDED that Communities Scrutiny Group considers the KKP Needs Assessment and Options Appraisal findings and agrees the following recommendations to Cabinet:

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<b>For more information contact:</b>	Peter Linfield Executive Manager - Finance and Corporate Services Tel: 0115 9148439 plinfield@rushcliffe.gov.uk
<b>Background papers available for Inspection:</b>	Cabinet Report 14 January 2020 Edwalton Gold Course Update  Cabinet Report 13 June 2017 – Concluding Report of the Edwalton Golf Course Strategic Asset Review Member Group
<b>List of appendices:</b>	