

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	26 <sup>th</sup> August 2020
<b>Subject:</b>	Cleeve Common Lease
<b>Report of:</b>	Head of Finance & Asset Management
<b>Corporate Lead:</b>	Deputy Chief Executive
<b>Lead Member:</b>	Finance & Asset Management
<b>Number of Appendices:</b>	2

## **Executive Summary:**

The council has been offering a golf provision on Cleeve Common since 1973 as landlord via a lease agreement for the clubhouse and licence for the land, although it is believed golf has been played on the common for over 100 years. Council-owned golf clubs used to be the second most common type of golf club in the UK, behind members' owned clubs, and were extremely popular up until the late 1990s. However, the rise of proprietary clubs contributing to an over provision of golf facilities coupled with a falling demand for the sport has meant that many municipal golf courses have closed nationally in recent years. At its peak the club held in excess of 500 members but in recent years those number have reduced dramatically with less than 200 members currently in place. The Club Manager has confirmed that the membership has further suffered due to Covid 19.

Currently the club is leased to The Share Club on a 25 year lease from 10<sup>th</sup> December 2011, leaving an unexpired lease term of just over 16 years at an annual rent of £50,000. The council has a licence with Cleeve Common Board of Conservators (CCC) allowing golf to be played on the common for an annual fee of £25,000. Both agreements have break dates allowing the contracts to end earlier. The Share Club have now utilised their break opportunity and their tenancy will terminate on 31<sup>st</sup> March 2021.

An independent report on the future of golf in this location was commissioned to assist the Council in determining whether it wished to continue with the provision of golf or whether it should serve notice to terminate the licence with CCC. The report concludes that golf in this location is not financially viable and would require substantial investment and ongoing subsidy from the Council. It is therefore recommended to invoke the break clause within the licence with CCC.

It is further recommended that, upon termination, the existing clubhouse is demolished to avoid further maintenance and security costs and ensure the health and safety of individuals. To support the continuing use of the Common for a range of activities it is also recommended that the site remain open as a car park and a further report be given to members on the costs of upgrading the facility and potential commercial uses.

**Recommendation:****Executive Committee resolves**

- 1) To invoke the break clause within the licence agreement with Cleeve Common Board of Conservators in September 2020 thereby giving six months notice to cease the provision of golf on Cleeve Common;
- 2) That authority is given to the Borough Solicitor in consultation with the Head of Finance & Asset Management to prepare the necessary legal documentation for the termination of the licence to play golf upon the terms agreed by the Head of Finance and Asset Management and such other terms as they consider reasonably necessary or desirable;
- 3) To agree the allocation of £120,000 from the Asset Management Reserve to enable the immediate demolition of the clubhouse;
- 4) To agree the use of £20,000 from the Asset Management Reserve to carry out works to the car parking facility to ensure its continued use during the transitional period;
- 5) To receive a future report on the cost of laying out car parking facilities on site, the management of those facilities and the potential for meanwhile commercial uses of the site.

**Reasons for Recommendation:**

Professional advice is that the current level of rent received from The Share Club will not be achievable by an alternative tenant in the current and future golf climate. Therefore, the continuation of a golf provision may only be achievable if heavily subsidised by the local authority rather than being an independent commercially viable asset.

**Resource Implications:**

The Council benefits in budgetary terms from a £50,000 annual rent from the lease of the golf club and a full repairing and insuring lease with the tenant. It is clear that this level of rent is no longer achievable and if a golf tenant were to be found the offer of rent would be substantially below the current level and likely below the cost of the licence with CCC resulting in an ongoing cost to the Council. The Council would also need to agree to invest significant capital sums into the clubhouse to either refurbish or replace. An estimate of the cost to rebuild the clubhouse is circa £1.2m.

These future costs of golf provision are set against the backdrop of growing financial deficits within the Council's revenue budget and capital receipts held being limited. The previous iteration of the Medium Term Financial Strategy suggested a deficit of potentially £1.7m in the next financial year with probable impacts from coronavirus required to be added to this. Given this outlook, it cannot be recommended that the Council look to subsidise a loss making non-statutory service.

**Legal Implications:**

As a result of a variation of the Lease in April this year, The Share Club Ltd (the tenants of the Club house) were entitled to serve notice on the Council terminating the lease with effect from 31 March 2021. The tenants duly served notice, so the lease expires at the end of March next year and therefore no rent will be receivable by the Council as from that date.

The lease only relates to the Club House and Car Park. The golf course is actually situated on Cleeve Common, play being enabled by a licence entered into between the Cleeve Common

Board of Conservators and the Council for a term of 25 years from 8 August 2012. The Council pays the Conservators an annual fee for this provision, as set out in the report.

As a result of a variation of the Licence, the Council can terminate the Licence on 31 March 2021, provided it serves notice on the Conservators on or before 1 October 2020.

If the Council fails to meet the break date, it will be liable to the Conservators for payment of the licence fee until 7 November 2026 (the next date when the Council can terminate the licence).

#### **Risk Management Implications:**

Reputational risk associated with the decision to be mitigated by a robust communications plan. Health and Safety risk to be mitigated by the demolition of the building at the earliest opportunity. Project budget risk to be mitigated with early and thorough tendering exercise to ensure best value.

#### **Performance Management Follow-up:**

Notice to be served on CCC by Head of Finance & Asset Management prior to 1<sup>st</sup> October 2020. Planning permission for the demolition of the clubhouse to be sought and tendering of works to be completed by the Asset Manager. Full communications plan to be worked up and signed off by Communications Officer in September.

#### **Environmental Implications:**

Community facilities to be retained onsite to allow the public the continued enjoyment and use of Cleeve Common.

## **1.0 INTRODUCTION/BACKGROUND**

**1.1** Tewkesbury Borough Council inherited the club house, adjoining car park and outside space at Cleeve Hill following local government reorganisation and have been providing a golf provision within the borough ever since. This provision is enabled through a licence with Cleeve Common Board of Conservators (CCC) to utilise part of Cleeve Common for the laying out of the 18 hole course. A red line plan of the Council's ownership is included at Appendix B.

**1.2** The current licence with CCC was signed in August 2012 and runs for 25 years with break clauses every seven years. The current licence fee is £25,000 per annum.

**1.3** The course is packaged with the Council's existing assets and let as a whole to a golf club operator. The current lease was agreed in 2011 and also runs for 25 years. The current lease is worth £50,000 per annum.

**1.4** The current tenant, The Share Club, have utilised, in April of this year, the first break clause in the lease to terminate their lease with effect from 31st March 2021.

## **2.0 THE SHARE CLUB**

**2.1** The Share Club have been tenants at Cleeve Hill since 2000 and agreed a new 25 year full repair and maintenance lease with effect from 2011 at an annual rent of £50,000. Membership numbers and casual play had already begun to deteriorate at this point which leads to a downward spiral where there is insufficient money in the business to invest in facilities and advertising which in turn leads to less users of the facility. [REDACTED]

[REDACTED]. New management was brought in to try and counteract this

downwards spiral and revitalise the business.

- 2.2** The new manager has brought energy and new ideas to the business. He has trialled new incentives such as 'pay and play,' rather than individuals having to commit to an annual membership, and also the development of an additional hole for an 'express course'. He has endeavoured to establish relationships with local schools by offering free sessions to children to encourage a new generation of membership. The profile of the food provision at the clubhouse has been raised by undertaking several marketing approaches such as new signage and social media campaigns. The club manager has also, with the support of TBC officers, worked hard to bring the building in line with its statutory requirements by installing new firefighting equipment, undertaking a new legionella protection regime and undertaking some redecoration works.
- 2.3** However, despite these diligent efforts, the operating costs of the business combined with falling membership and reducing casual play mean [REDACTED]. These circumstances have brought The Share Club to the conclusion that their business is no longer viable in the current operating environment and under the current lease terms.
- 2.4** In April 2020, the Share Club exercised their right to serve notice on the Council to break the current lease. The Council successfully negotiated an extension of six months to the notice period to ensure golf club members, who had just paid their annual memberships, had access to the golf course for a full twelve months. The Share Club's lease with the Borough Council will terminate on 31<sup>st</sup> March 2021.

### **3.0 CLEEVE COMMON BOARD OF CONSERVATORS**

- 3.1** Officers had previously engaged in talks with CCC to try and negotiate a reduction in the annual licence fee, with an intention to pass this saving onto The Share Club to try and support the continuation of golf in the Borough. This request was not met with a positive response and it transpires that golf is no longer a priority to CCC. They are able to raise funds by alternative avenues so are no longer dependant on the £25,000 licence fee from TBC to maintain the common. Through these discussions, CCC also indicated that if the council were to serve notice to cease golf on the common, they would not look favourably at a request in the future to re-establish golf on the common if a new tenant was to come forward, although this opinion has recently softened slightly.
- 3.2** The current licence with CCC contains break dates in August of 2019, 2026 and 2033. Previous negotiations with CCC had allowed a variation to the break clause to bring it in line with the dates within the tenants agreement and, subsequent to the notice being served by the Share Club, discussions have ensued that have resulted in an extension to the break date being agreed for the 31<sup>st</sup> March 2021 (notice to be served by 1<sup>st</sup> October 2020). CCC recognised the need to allow time for the Borough Council to consider the future of golf and also the impact that coronavirus has had on the workload of the authority. They are however unable to go beyond this date as time is required to secure funding for the Common going forward.
- 3.3** If TBC decides not service notice to terminate the licence with CCC, the council would be liable for the annual licence fee until the next break date in 2026, totalling a liability of £125,000.

### **4.0 REVIEW OF GOLFING PROVISION**

- 4.1** Having received notice from the Share Club and with 17 years still remaining on the licence with CCC, the Council must consider whether it wishes to continue to provide golf at Cleeve Hill or whether it should break the licence and look for other uses of its assets. To assist with that decision process, the Council has commissioned a review by a specialist within the golf sector. Mark Smith of Smith Leisure was appointed to undertake

the review given over 30 years of experience in this sector and having aided numerous local authorities with similar reviews.

**4.2** The detailed report is shown at appendix A and provides detail on the national picture, the local picture and the position of the actual golf club. The report goes on to provide opinion on a number of questions in relation to whether golf remains viable on Cleeve Hill.

**4.3** Having set out the basis of the opinion, the review report concludes with the following statement:

*“...my strong recommendation to the Council is not to pursue the continuation of golf option for Cleeve Hill. It is sad to have to say this given that golf has been played on the Common for over 100 years, however I do not think it makes sense for the Council to fund such likely long-term losses that would result if the Council continues with the golf offering.”*

**4.4** Given the arguments made in the report and the strong recommendation made, it is recommended to the Executive Committee that notice be served on CCC bringing an end to golf provision on the Common at the end of March 2021.

## **5.0 OPTIONS FOR THE SITE**

**5.1** Officers have been considering alternative uses of the site and have engaged with planning colleagues as to what type of development might be permissible on site. An informal view of the options suggests that residential development would not be supported by policy. A neighbouring site has recently had an application for residential development refused on appeal given its location.

**5.2** Commercial development would be considered appropriate and could take various forms including hospitality or light industrial uses such as offices. Given the relative success of the existing food and beverage offering at the golf club there could be an opportunity to provide a similar establishment subject to the working up of a detailed business case.

**5.3** A mixed use scheme may also be appropriate. Clearly any type of development would need to be sympathetic to the location and ensure a high quality design.

**5.4** In previous discussions with Members and CCC, the use of the Common and the continued provision of car parking to support that use has been high on people's aspirations. As a car park already essentially exists to support the golf club and other uses, there would be no difficulty in changing this to a public car park from a planning perspective. Officers and Members have recognised the importance of the use of the Common particularly to support the health and wellbeing of individuals and so the provision of parking facilities is an essential requirement for the future use of the site.

## **6.0 CONCLUSION AND NEXT STEPS**

**6.1** It is clear from the consultants report that the continued provision of golf is financially not viable and notice should be served on CCC to end the Council's liability in leasing part of the Common. In taking this decision, it is important to recognise the impact on the current users of the golf club and the potential for negative feedback on our decision. It is therefore imperative that we have a robust and well rounded communications plan in place to support the decision and communicate our reasoning for the decision and our future vision for the use of the site. Officers will work with communications colleagues to establish that robust plan over the next couple of weeks, ensuring that all key stakeholders are targeted with the correct message and information using the most suitable communication methods and platforms.

- 6.2** It is also important to recognise the impact on the current employees of the Share Club of their decision to terminate their lease. Whilst ultimately not the Council's responsibility, the Council should and will work with the Share Club and its employees to support them, where it can, as they transition from their current employment to potential future employment or retirement.
- 6.3** Having agreed to end golf at the end of March 2021, the Council must recognise its renewed responsibilities for the golf clubhouse on the 1<sup>st</sup> April. Given the condition of the clubhouse it is the strong recommendation of officers that the building should be demolished at the earliest opportunity. Condition surveys have indicated that the building is already well beyond its useful life and it would be uneconomic to try to retain. Without demolition, the Council will need to make the property safe and secure it from unauthorised entry which would require ongoing revenue funding.
- 6.4** It is therefore proposed that officers seek planning permission for the demolition of the building and to tender the demolition contract at the earliest opportunity. A current estimate of the likely cost of demolition is circa £120,000 and this will be financed using monies within the asset management reserve.
- 6.5** As already highlighted, the continued provision of parking facilities is an essential requirement of the future use. It is suggested that further work be undertaken by officers to develop their thinking around the provision and enhancement of parking, with specific focus on the likely cost of laying out a public car park, whether the parking will be free of charge or paid for and how the car park will be managed in particular with regard to unauthorised encampments. It is likely that capital funds will need to be allocated to support the laying out of the car park and as a result a separate report will be required to come through Executive Committee and on to Council requesting the funding and this report should include those management considerations.
- 6.6** To ensure that the car parking facilities remain available for the public during the transitional period it is recommended that a further £20,000 in the asset management reserve be set aside to undertake spot repairs to the surface and install height restriction barriers in April 2021 to safeguard its use.
- 6.7** With regards to the potential use of the site for commercial purposes, it is suggested that the Council take time in evaluating the potential success or other wise of providing a commercial offering on this site. Before asking the Council to consider making a capital investment to provide permanent commercial facilities on site, steps should be taken to gauge the likely demand for facilities and therefore the financial viability of any potential investment. To undertake this it is suggested the Council grant permission and licences for temporary uses, initially focussed on the catering opportunities and ascertain how successful those business are over a period of time before developing a business case for commercial use.

## **7.0 OTHER OPTIONS CONSIDERED**

- 7.1** As detailed within the report.

## **8.0 CONSULTATION**

- 8.1** CCC have been consulted on the possible future use, confirming their preference for car parking facilities. Planning colleagues have been consulted on an informal basis as to potential uses of the site. Wider consultation was considered regarding the provision of golf at this site but given the overwhelming conclusions of the consultants report and the lack of financial sustainability, it was felt that this would not be beneficial.

## **9.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

**9.1** Medium Term Financial Strategy

## **10.0 RELEVANT GOVERNMENT POLICIES**

**10.1** None

## **11.0 RESOURCE IMPLICATIONS (Human/Property)**

**11.1** Property implications detailed within the report. Whilst the Borough Council has no employees directly impacted by this recommendation, it will seek to assist staff working for the Share Club, where it can, to transition from their current employment to future roles.

## **12.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**

**12.1** This recommendation will remove a facility which provides social interaction as well as physical and mental health benefits. Whilst many activities can continue to take place on the Common, there is a loss of opportunity in this area of the Borough. However, as evidenced within appendix A there are an abundance of golf clubs within the Borough and within neighbouring Districts that can meet the needs of displaced golf club members.

## **13.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**

**13.1** As highlighted in the previous section and within Appendix A, there is an oversupply of golf provision locally which can meet the needs of users. The council will continue to support the use of Cleeve Common.

## **14.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

**14.1** None

---

**Background Papers:** None

**Contact Officer:** Estates Officer  
01684 272004

**Appendices:** Appendix A - Report for Tewkesbury Borough Council on the Future of the Golf Operation