

TEWKESBURY BOROUGH COUNCIL

Report to:	Executive Committee
Date of Meeting:	21 October 2020
Subject:	Consideration for establishing a new long-term lease at Cleeve Hill Golf Clubhouse
Report of:	Head of Finance and Asset Management
Corporate Lead:	Deputy Chief Executive
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	One

Executive Summary:

On 26 August 2020, the Executive Committee gave approval for Officers to serve notice to terminate the licence to play golf between Tewkesbury Borough Council and Cleeve Common Trust. Notice has now been served ceasing the provision of golf by the local authority within the borough on 31 March 2021. Since this information has come into the public domain, several interested parties have expressed an interest in trying to conserve golf on the hill, requesting the possibility of acquiring a long-term lease of the clubhouse.

A decision is required by Members to determine whether a new lease of the Clubhouse should be granted and how this should be concluded.

Recommendation:

The Executive Committee is asked to:

- 1) Delegate authority to the Head of Finance and Asset Management to agree Heads of Terms for a long lease of up to 125 years for the clubhouse and associated land shown edged in bold on the Plan attached to this report, subject to:**
 - a. Confirmation by an appropriately qualified valuer that the terms agreed represent best consideration.**
 - b. The proposed lessee (simultaneously upon entering into the lease, or shortly thereafter) entering into (and thereafter continuing) a licence with Cleeve Common Trust to play golf on Cleeve Common, upon terms reasonably satisfactory to the Council.**
 - c. Conditions aimed at meeting the outcomes referred to within this report.**
- 2) Authorise the Borough Solicitor, in consultation with the Head of Finance and Asset Management, to prepare the necessary legal documentation for a lease (and any associated documents) of the clubhouse and adjacent grounds shown edged in bold on the Plan attached to the report upon the terms agreed by the Head of Finance and Asset Management and such other terms as they consider reasonably necessary or desirable.**

Reasons for Recommendation:

As notice has now been served to terminate the licence to play golf with Cleeve Common Trust, the future financial liability to the local authority of any continuation of golf on the hill has been determined. It has been recognised that there is still a significant appetite for golf on the hill, therefore, if another party is willing to take on the financial liability to conserve golf, the Council would support this aspiration by offering a lease of the clubhouse. This would be subject to any new tenant agreeing to the Council's conditions in the lease aimed at ensuring protection of the natural environment, facilitates and enhances community use, the project is commercially sustainable and the use of the facilities are protected for the future use by the general public.

Resource Implications:

The previous decision to terminate the licence with Cleeve Common Trust removed the ongoing financial liability of the annual licence fee of £25,000.

The proposal within this report now provides a solution for dealing with the financial liability of the fixed asset by means of granting a long-term lease to a new tenant on condition of meeting the property costs associated with refurbishment or replacement of the existing building. This could result in the Council savings many hundreds of thousands of pounds if not millions if it decided to replace the facility at a point in the future.



A formal valuation of the proposed tenancy agreement will need to be undertaken to conclude that the terms offer the Council best consideration.

Legal Implications:

The Council must obtain best consideration for the grant of a lease of seven years or more, in order to comply with the requirements of s123 of the Local Government Act 1972. Whilst there are powers to grant leases at an undervalue in certain circumstances, it is understood that this is not the proposal here, so these powers are not considered in these comments.

In order to ensure that best consideration is evidenced as having been achieved, the advice of an appropriately qualified valuer is required as to the process to be followed, and the Heads of Terms agreed.

The aims of the report are noted, and these can be achieved by inclusion of appropriate conditions within the Lease.

Risk Management Implications:

An open and transparent process will be followed in order to give all interested parties a fair chance to secure the lease. Suitable communications will be issued to manage the reputational risks around the golf club.

Performance Management Follow-up:

Asset Management will undertake a suitable process for awarding a new lease of the Cleeve Hill clubhouse

Environmental Implications:

Continuation of a supportive partnership with the Cleeve Common Trust to protect the SSSI status of Cleeve Common

1.0 INTRODUCTION/BACKGROUND

1.1 Tewkesbury Borough Council inherited the club house, adjoining car park and outside space following local government reorganisation in 1974 and has been providing a golf provision within the borough ever since. The current tenant, The Share Club, commenced a new 25-year lease in 2011 and the Council has a coterminous licence of the golf course with Cleeve Common Trust. The Share Club has utilised a break clause within the lease and has given notice to terminate on 31 March 2021. As approved in a previous Executive Committee report in August 2020, Officers have served notice on Cleeve Common Trust to terminate the licence to play golf on 31 March 2021, thus ending any future financial liability in connection with the provision of golf on the hill.

Since this information has come into the public domain, it has been recognised that there is still an appetite for golf to continue on the hill, resulting in several parties expressing an interest to take on a new lease of the clubhouse.

1.2 Initial discussions with some of the interested parties have proven to be positive with those parties communicating a vision that would be in line with both the Council's and the Trust's own vision for the use of the common and facilities. Discussions with the Trust have also occurred, and they have indicated a willingness to enter into a licence agreement with a third party.

1.3 In order to progress those initial, informal discussions, it is suggested that Officers look to establish a formal route to evaluate interested parties which would result in the award of a long-term lease of the Council's assets. At the same time, the Council will work alongside the Trust to ensure the award of the licence for use of the Common to the same interested party.

1.4 The following sections outline what the Council would wish to achieve from agreeing a lease and how this opportunity will be taken forward.

2.0 CONSIDERATIONS FOR A NEW LEASE

2.1 In order for the interested parties to commit to a significant investment in the clubhouse, it will be necessary to offer a long-term lease, of up to 125 years. A long-term lease containing appropriate clauses regarding breaks, reviews etc would enable the Council to retain added control of the site as opposed to a freehold sale, even with covenants in place. It is also a preferred method of acquisition for interested parties as it avoids added initial capital expenditure and allows the capital expenditure to be focussed on the building itself.

2.2 In addition to normal lease clauses, it will be necessary to insert a number of clauses that are aimed at protecting the Council's interest in the site and continued community use of the common. Therefore, it is suggested that any new lease agreement must adhere to the Council's non-negotiable terms, which are:

1. The potential lessee must have agreed and have in place, at all times, a licence to play golf on the common with the Cleeve Common Trust and have satisfied their mandatory conditions.
2. Must facilitate and enhance community use.
3. Must be commercially sustainable.
4. Use by the general public must be protected.
5. Protection of the natural environment.

2.3 Licence to play golf with Cleeve Common Trust

The new lessee must establish a good working relationship with the Committee members of the Cleeve Common Trust and agree a new licence to play golf on the common which is coterminous with the new lease agreed of the clubhouse. The lessee must agree to the Cleeve Common Trust's compulsory terms, which are:

1. Mutual agreement of the annual licence fee.
2. Long lease to establish security of income.
3. Continuation of the current management plan in place with TBC.
4. No storage of any golf equipment, course maintenance equipment or materials e.g. sand for bunkers, on the common.
5. Continuation of public pay and play.
6. Public use of the clubhouse carpark and toilet facilities.

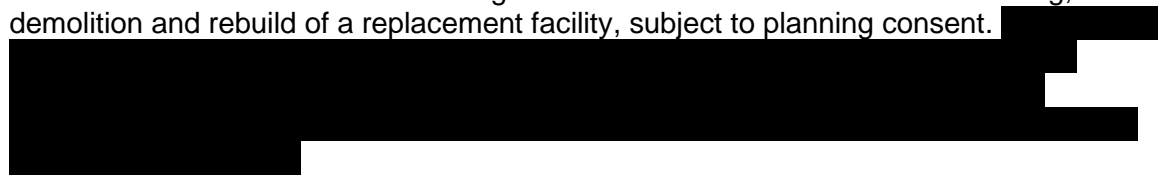
2.4 Must facilitate and enhance community use

It is recognised that there is potential for a thriving food and beverage business in this location, due to the huge number of passing foot trade due to public use of the common. There is already a food establishment on site, but trade could be increased by a widespread advertising campaign, declaring that the food facility is open to the general public and not only to the golfing membership.

Consideration should be given to a room/space for use by community groups and associations. The facility could offer alongside this an information and heritage centre to provide visitors with increased knowledge of the environmental work carried out by the Cleeve Common Trust and history of the common.

2.5 Must be commercially sustainable

Any lease of the clubhouse agreed will be on a full repair and maintenance basis. The lessee must be committed to investing in the refurbishment of the current building, or demolition and rebuild of a replacement facility, subject to planning consent.



2.6 Protection of use by the general public

The current toilet facilities within the clubhouse are used by walkers and other users of the hill, along with the golfing community. The clubhouse restrooms are the only ones in this vicinity on the Cotswold Way, therefore their continued use by the general public must be conserved.

The current public car park located in the quarry neighbouring the clubhouse, can only accommodate around 30 cars, which has a considerable impact on parking congestion in neighbouring roads accessing the common. The clubhouse car park is a much bigger facility able to accommodate approximately 100 vehicles. Access and use of the clubhouse car park must remain open to the general public to access the common.

2.7 Protection of natural the environment

Any activities facilitated by the new lessee must be in line with the Cleeve Hill Trust's management plan and carried out in respectful support of the common's SSSI status. The protection of the natural environment of Cleeve Hill must be at the forefront of any new lessee's business ethos.

2.8 Process for establishing a new tenant

Officers have already been in talks with several parties expressing an interest in taking on a new lease of the clubhouse. To comply with legislation within the Local Government Act, a formal, fair process needs to be performed to establish the best outcome for all stakeholders. The procedure to be adopted would be that recommended by a valuer in order to achieve best consideration which will be presented and considered formally by Officers in consultation the Lead Member for Finance and Asset Management. Any new lease would ideally commence on 1 April 2021, immediately succeeding the current lease, to limit any void period allowing any break in club membership and the opportunity for any antisocial behaviour to arise.

3.0 OTHER OPTIONS CONSIDERED

- 3.1** Outlined in previous report presented to Committee on 26 August 2020. If a new tenant cannot be ascertained for the clubhouse that supports the continuation of golf on the hill along with other community activities, Officers will seek alternative use lessees that can support the Council's community aims and invest in the building. Should no viable solution be found, Officers will continue with the current agreed route which includes the presentation of a further report to Members to agree the best future use of the asset and will commence demolition of the clubhouse as previously approved.

4.0 CONSULTATION

- 4.1** Ongoing consultation with the Cleeve Common Trust to establish joint goals.
Communication with Cleeve Cloud Golf Club.

Portfolio holders and Ward Members will be apprised of progress.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 5.1** None.

6.0 RELEVANT GOVERNMENT POLICIES

- 6.1** None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 The successful award of a new long-term lease will be subject to the agreement of a significant investment in the building by the new tenant.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 The successful award of a new long-term lease will support a range of sustainability impacts.

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

9.1 A suitable exercise will be undertaken to award a new long-term lease, ensuring fairness and value for money.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 Decision taken by Executive Committee on 26 August 2020 to terminate TBC's licence to play golf with the Cleeve Common Trust.

Background Papers: Executive Committee report of 26 August 2020 'Consideration of Cleeve Assets'

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Appendices: 1 – Plan.