

**SPECIAL ANGUS COUNCIL – 20 JANUARY 2022**

**CARNOUSTIE GOLF PROVISION – FUTURE ARRANGEMENTS**

**JOINT REPORT BY THE CHIEF EXECUTIVE, DIRECTOR OF FINANCE AND DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES**

**ABSTRACT**

This report seeks elected members' views on the future arrangements for golf provision at Carnoustie Links. The report outlines the need to consider a long term, sustainable future for golf in Carnoustie and identifies what options could be available to the Council and partners. The Council is being asked to agree the exploration of options, taking into account the content of this report and the accompanying confidential (exempt) report (Report 8/22) which provides restricted content.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Council:

- a) note the summary of current arrangements, the drivers for change and the economic considerations relevant to the future of golf provision at Carnoustie as set out in Sections 4 & 5;
- b) consider its strategic intent regarding the future of the golf courses at Carnoustie as set out in Section 6 and agree that working with partners to secure the return of The Open on a regular basis is something to be pursued as a high priority objective over the next few months;
- c) note the future options which have been identified as potentially enabling recommendation b) to be delivered as set out in Section 7;
- d) note the criteria and weighting used to make an initial assessment of which options should be considered further;
- e) note the best value considerations; the summary description of the options and how these score against the suggested assessment criteria as set out in Section 8, and Appendix B of this report;
- f) note the full content of the accompanying Exempt Report 8/22 regarding this matter which is relevant to the Council's consideration of the Options set out in Section 8;
- g) note the specific issues for elected members to consider in deciding which Options to pursue further as set out in paragraphs 8.24 to 8.26
- h) agree that the 4 recommended Options in Table 2 of Section 8 be taken forward and developed to inform and enable Council to make a decision on a final option for implementation;
- i) agree that a public consultation be planned for as part of the process of informing the Council's final decision in this regard (which Option to implement) with the detail and timing of that consultation and the proposed consultation content to be subject to a further report to Council prior to being launched;
- j) note the next steps and actions arising as set out in Section 10;

- k) approve the resourcing arrangements, costs and funding for the further work which will be required to develop the 4 recommended options as set out in Section 11 and in particular approve the following delegations:-
- 1) authority to the Director of Finance to procure specialist financial advisers and, if required, other specialist advisers to take forward the recommended options and support delivery of the actions set out in Section 10 of this report;
  - 2) authority to the Director of Legal & Democratic Services to procure specialist legal advisers to take forward the recommended options and support delivery of the actions set out in Section 10 of this report;
  - 3) authority to the Director of Finance to use up to £125,000 of the 2021/22 Provision for Additional Burdens revenue budget to meet the cost of specialist advisers and where feasible any backfilling of internal staff time to support this work;
- l) note that further reports will be brought to elected members as required based on the options to be pursued further.

## **2. ALIGNMENT TO THE COUNCIL PLAN**

- 2.1 This report contributes as a whole to the Council Plan.

## **3. BACKGROUND**

- 3.1 Golf tourism is worth £20m annually to the Angus economy and sustains almost 900 jobs (2016 figures). This is in addition to revenue generated by major golf events coming to the area. The Carnoustie Championship Course provides Angus with a global platform to showcase the wider destination and increase the economic value of golf tourism to the area. The Council's own golf destination marketing brand leverages these opportunities to support its own golf tourism strategy.
- 3.2 At present the Council owned golf courses at Carnoustie Links are operated and managed by CGLMC Ltd (hereafter referred to as CGLMC) on the Council's behalf under the terms of a Minute of Agreement which is due to end in 2033. Carnoustie has hosted The Open Golf Championship (hereafter referred to as The Open) 3 times since it came back onto The Open venue rota in 1999, most recently in 2018. The AIG Women's Open was held at Carnoustie in 2021.
- 3.3 There is strong competition to host The Open because of the economic, social and cultural benefits which it derives. CGLMC have identified a need for changes to existing arrangements to facilitate inward investment to best place Carnoustie to remain an Open Championship venue and a sustainable business for the long term. CGLMC have developed proposals which would deliver investment, secure the return of major championships, protect local golf access and maintain the existing charitable objectives which they wish the Council to consider. This report and the accompanying Exempt Report 8/22 explain what CGLMC's proposals are and the report asks elected members to consider this along with other potential options which could be further developed. Elected members are reminded that much of the content of Exempt Report 8/22 is covered by a mutual non-disclosure agreement (NDA) between the Council and CGLMC which means that all elected members and officers are legally required to keep all of the information disclosed in that report confidential. The information contained in this report has been agreed for disclosure under the NDA.
- 3.4 The decisions to be made by Council on the future of Carnoustie golf links are significant in terms of the economic impact for Angus as well as potential duration and scale. Regardless of which option the Council chooses this will be one of the more important and long-lasting decisions the Council makes.
- 3.5 Elected members are referred to Report 23/21 (exempt) which approved the appointment of specialist financial advisers to support the Council with some initial high level due diligence work surrounding the future of Carnoustie golf links and options. Grant Thornton UK LLP were duly appointed and have now completed their work and submitted their report on this phase of activity to officers. Information and extracts from Grant Thornton's report are included where appropriate in the Exempt Report 8/22 for Council.

#### **4. CURRENT ARRANGEMENTS**

- 4.1 Angus Council owns the land and golf courses at Carnoustie Golf Links but for the last several decades has outsourced the management and maintenance of the courses and all associated activity such as management of local golfer access and securing major championships to CGLMC. CGLMC incorporated as a company limited by guarantee in 2011 and obtained charitable status in 2014 with a proportion of any surpluses generated by the charity now made available for good causes in the local area.
- 4.2 CGLMC manage the courses on the Council's behalf under a Minute of Agreement which is due to expire in 2033. The Council receives no direct financial return under the current Agreement with all surpluses generated by CGLMC (except those set aside for charitable purposes) reinvested in the courses, the on-going running of the business (including over 100 staff), other facilities and equipment. While no direct cash is paid to the Council, the current arrangements do contribute to the Council's strategic objectives, most notably in relation to the economy of Angus. The Articles of Association of CGLMC specifically prohibit the company members receiving a share of any surpluses.
- 4.3 CGLMC, with the Council's support, have managed the courses and business well with the return of The Open being a major reason for recent success. Visiting golfers are very important to CGLMC operations and their desire to play Carnoustie is strongly linked with it being an Open Championship course.
- 4.4 In addition to the golf courses the Council also holds a ground lease for land the Carnoustie Hotel is built on. When Carnoustie hosts The Open additional land is required for parking and other purposes on a temporary basis.
- 4.5 The maps attached as Appendix A1 and A2 show the land owned by the Council and what is covered by existing leases/legal agreements. Appendix A1 is the area covered by the Minute of Agreement with CGLMC - it encompasses all of the golf courses and covers an area of 152.2 hectares. Appendix A2 is a partially handwritten map showing the area leased for the Golf Hotel by the Council.

#### **5. CGLMC PROPOSALS – MAIN DRIVERS FOR CHANGE**

- 5.1 There are 3 inter-linked main drivers behind the requirement to revisit the current arrangements at Carnoustie and which have led to the CGLMC proposals. These are as follows:-
1. The requirements / expectations for securing major championships such as The Open, The AIG Women's Open and the Alfred Dunhill Links Championship;
  2. The economic consequences which would arise if Carnoustie was no longer part of The Open venue rota;
  3. To ensure the long-term objectives of the charity can be realised, including the provision of local golf access.
- 5.2 It is estimated that the economic impact from inbound tourism benefits for the Angus Region from the 2018 Open Championship alone were c.£22 million with a further estimated c.£51 million of destination marketing benefits also arising. The hosting of The Open at Carnoustie therefore provides significant direct and indirect economic benefits to the area. CGLMC is also a major employer in the Angus area and while the number of staff employed has been reduced in response to the pandemic prior to that CGLMC employed c 120 people making the company one of the larger employers in the area. Carnoustie and golf tourism is therefore strategically important for the Council and the wider objectives for the Angus economy set out in the Council Plan.
- 5.3 Further detail on the Drivers for Change behind CGLMC's proposals are included in Sections 5 to 7 of Exempt Report 8/22.
- 5.4 CGLMC has been working on its proposals with the key stakeholders for some considerable time but the detail on the current iteration of the proposals were only shared with Council officers in recent months (draft Heads of Terms in July which have since been reviewed by the Council's advisers). The COVID-19 pandemic has hindered progress somewhat so CGLMC are keen for matters to progress as quickly as possible.

- 5.5 The timeline for conclusion of all aspects of a potential agreement with CGLMC and other parties, including all necessary legal agreements (assuming this is the Council's preferred option) is difficult to assess. The complexities, the number of parties involved, the further due diligence which will be required including consideration of other options and need for public consultation as well as the detailed legal / commercial terms still to be negotiated suggest this will take a number of months. Nevertheless there is a need to make progress so conclusions can be reached as soon as possible. Further commentary in regard to next steps and resourcing that work is provided later in this report.

## **6. CONFIRMING THE COUNCIL'S STRATEGIC INTENT**

- 6.1 The drivers for change suggest that the status quo for golf in Carnoustie and for CGLMC is not a realistic medium to long term option if this puts the return of The Open to Carnoustie at risk. The first key decision for the Council as landowner of both the courses and to a lesser extent the hotel is therefore to determine whether pursuing the return of The Open to Carnoustie is a priority to be pursued for the long term. Given all of the benefits to the Angus area associated with The Open it is recommended that the Council confirm that working with partners to secure the return of The Open is its strategic intent and something to be pursued as a high priority objective over the next few months.
- 6.2 If elected members are not persuaded there is a need for change in existing governance arrangements an alternative business model would most likely require to be developed by CGLMC.

## **7. IDENTIFICATION OF FUTURE OPTIONS**

- 7.1 The assessment in Sections 5 to 7 of Exempt Report 8/22 indicates the need for investment and associated changes to existing governance arrangements as part of an overall strategy where Carnoustie can continue as an Open venue for the long term.
- 7.2 CGLMC have developed detailed proposals in this regard but other options should also be explored in more detail.
- 7.3 CGLMC are the Council's current partner/provider under the existing Minute of Agreement and approached the Council in the first instance with proposals for Carnoustie. As a consequence, the CGLMC option has been developed to a much more significant extent than other options which Council officers have investigated at this stage. It is important for Council to consider developing those other options more fully given the economic importance, duration and scale of potential future options and in terms of best value.
- 7.4 The potential options available are considered to be:-
1. Do Nothing / Status quo
  2. New Governance Arrangements with External Investment - CGLMC Proposals
  3. New Delivery Model Led and Funded by Angus Council
  4. CGLMC Proposals but on Different Terms
  5. Seek a Shorter-Term Solution
- 7.5 The main purpose of this report (supported by the detail in Exempt Report 8/22) is to enable elected members to determine which option or options should be pursued as the next step. The following assessment criteria have been used to inform the initial assessment of options for the purposes of informing further work required on those options:-

	Criteria	Weighting
1	Supports the Council's strategic priorities for the Angus economy	30
2	Secures Carnoustie as an Open venue	20
3	Secures continued access for local golfers	20
4	Secures continued funding for charitable purposes	20
5	Ensures golf courses remain public assets	20
6	Ease of implementation	10
7	Speed of implementation	10
8	Overall level of risk	20
9	Potential commercial return for Council from these strategic assets	10

Each Option has been assessed on a score of 0 to 4 as follows:-

Score	Rationale
0	Does not meet criterion
1	Meets criterion to a limited extent
2	Meets criterion to a moderate extent
3	Meets criterion to a significant extent
4	Fully meets criterion

7.6 Section 8 below provides a brief explanation of what each option would entail. Given the commercially sensitive nature of some of the options a summary assessment of the pros, cons and risks associated with all of the options is provided in Exempt Report 8/22. Although not included in this report those pros, cons and risks have informed the assessment and recommendations regarding each option. An overall score for each option using the above criteria and scoring model has been provided to inform the Council's consideration of next steps and in particular which option or options should be pursued further. Council should note that each option has not been fully worked up as yet and that therefore the scoring can only reflect the information and expectation that exists now. The scoring is very likely to change as and when the options are developed further. This is a main reason why officers are recommending that more than one option is developed further at this stage.

## 8. BEST VALUE AND ASSESSMENT OF OPTIONS

### **Best Value Considerations**

8.1 As elected members are aware the Council has a statutory duty to achieve Best Value in all its activity and decisions regarding the future management of the golf courses at Carnoustie need to be made with this statutory duty in mind. Carnoustie Golf Links is unique in the Council's portfolio of assets and its importance to the area is significant. In order for the Council to achieve best value it is essential that the available options are thoroughly and equally explored so that at the point a decision is made elected members and the general public can be assured that the best value decision has been reached.

### **Option 1 – Do Nothing / Status quo**

8.2 This option is a do nothing scenario which would see a continuation of existing governance arrangements at least in the short term and probably until the current Minute of Agreement with CGLMC expires in 2033 unless early termination provisions were agreed with CGLMC. Under this option investment would be limited to what can be afforded from the surpluses generated by CGLMC.

8.3 Appendix B shows how this option has been scored against the assessment criteria and the reasoning for the scores. **This option currently achieves an overall weighted score of 300.**

8.4 While Option 1 scores well against some criteria it performs poorly against several others. The risks associated with Option 1 are considered to be significant and based on current information would not allow the Council to achieve the strategic objective recommended in Section 6 above. On the basis this option scores poorly relative to others it is not recommended for implementation.

### **Option 2 - New Governance Arrangements with External Investment - CGLMC Proposals**

- 8.5 Substantial additional detail on these proposals and the officer commentary on them including key issues for the Council to consider is provided in Exempt Report 8/22. This is due to the commercially sensitive nature of the proposals. However in very broad terms the proposals would mean:-
- Angus Council agreeing to the early termination of the existing Minute of Agreement between the Council and CGLMC due to expire in 2033
  - existing Minute of Agreement replaced by a long term lease (125 years proposed) Head Lease from the Council to CGLMC with the Council receiving a lease payment (exact terms to be negotiated).
  - CGLMC grants a conditional long term sub-lease (125 years proposed) of the golf courses to a new company (new Co)
  - CGLMC secures long term protection of local golfer access rights and continues to arrange local golf access for Season Ticket Holders and delivery of charitable objectives including disbursement of funds for local causes
  - a conditional long-term agreement with the R&A would be sought for future Opens as an essential part of these proposals
  - Council would continue to own the land and golf courses and would have operational oversight of residual CGLMC functions as member of Board of Trustees
- 8.6 Appendix B shows how this option has been scored against the assessment criteria and the reasoning for the scores. **This option currently achieves an overall weighted score of 490.**
- 8.7 Option 2 scores well across all of the criteria and has a number of significant potential benefits. It is the option which is the most developed at this stage and CGLMC and other stakeholders have spent significant time and money developing it. It would allow the Council to achieve the strategic objective set out in Section 6 above but as explained in Exempt Report 8/22 it is an option which would require to be investigated and developed much further before it could be recommended as the right option for the Council to pursue. Further work is required on the detail of the proposals and the nature of this final detail will have a significant impact on the Pros, Cons and Risks to the Council. Depending on the nature of the final proposals there may be procurement implications for the Council to consider. There are also some aspects of the proposals as they stand which officers would not recommend Council agrees to which would need to be discussed / negotiated further and this is accepted as an area for further discussion by CGLMC. Based on the assessment and scoring this is an option which it is recommended should be taken forward and developed to a point where (subject to Council final approval) it can be implemented if at that point it is the Council's preferred option. This will require further input from specialist advisers.
- ### **Option 3 - New Delivery Model Led and Funded by Angus Council**
- 8.8 Additional detail on this commercially sensitive option and the officer commentary on it is provided in Exempt Report 8/22. This is a more radical option with significantly higher risk and potential reward for the Council but is an alternative to explore further if elected members wish the Council to have more control over the operation of the golf courses potentially via a Council owned arms-length company. This option would require the existing Minute of Agreement with CGLMC to be terminated early by negotiation. CGLMC have advised that this option would need to be developed by the Council without their input.
- 8.9 While this option envisages the Council being the primary source of funding it would be prudent to seek a potential investment partner to share some of the commercial risk. The feasibility of this and the overall means of funding more generally would need investigation as part of developing this option further. Again, there may be procurement requirements for the Council to consider, to ensure compliance with legislation.
- 8.10 Appendix B shows how this option has been scored against the assessment criteria and the reasoning for the scores. **This option currently achieves an overall weighted score of 460.**
- 8.11 Option 3 scores well across most of the criteria and has a number of potential benefits but it is an option which would require to be investigated and developed much further before it could be recommended as the right option for the Council to pursue. Further development would need to confirm whether it is fully deliverable and likely to provide best value but a number of Councils have invested in key projects aimed at supporting economic growth and their wider strategic objectives so in principle this is an option which could be taken further.

- 8.12 This Option if ultimately implemented would represent a significant departure in risk appetite for the Council. That said significant change is considered to be required regardless and the Council has been seeking new commercial opportunities as part of its Enterprising Angus programme. On the basis of the above and the assessment scoring it is recommended that officers (supported by specialist advisers) undertake further work and due diligence on this option to run alongside the further work which it is recommended be undertaken to develop Option 2.

#### **Option 4 - CGLMC Proposals but on Different Terms**

- 8.13 There are potentially other ways to structure future arrangements in a different way or on different terms but under the same overall model as CGLMC propose in Option 2. Examples could include:-
- a) A shorter lease of the golf courses than the 125 years proposed which is renewed subject to conditions e.g. Carnoustie continuing to be an Open venue;
  - b) The Council taking an investment stake in the new company and possibly seeking a position on the Board of that company.
- 8.14 Other alternative options could also be available; however this will require a more detailed understanding of the proposed ownership structure of CGLMC's potential investor and the options that CGLMC have previously ruled out in their search for funding.
- 8.15 Appendix B shows how this option has been scored against the assessment criteria and the reasoning for the scores. **This option currently achieves an overall weighted score of 490.**
- 8.16 Option 4 scores well across all of the criteria and has the potential to achieve similar benefits to Option 2 and also address some areas of concern such as the length of the lease. It currently scores the same as Option 2 overall but with different scores against the criteria.
- 8.17 This option could mean the Council taking on more commercial risk than in Option 2 which may mean greater financial return if the venture proved profitable. Whether this option would be deliverable through negotiation and if so on what terms is unknown at this stage. Again, depending on the nature of the final proposals there may be procurement implications for the Council to consider. This option would allow the Council to achieve the strategic objective set out in Section 6 above but as explained in Exempt Report 8/22 it is an option which would require to be investigated and developed much further before it could be recommended as the right option for the Council to pursue. Further work is required on the detail of the proposals and the nature of this final detail will have a significant impact on the Pros, Cons and Risks to the Council. Based on the scoring assessment and potential benefits it is recommended that this option be pursued further as a potential variation on Option 2 rather than a standalone option.

#### **Option 5 – Seek a Shorter Term Solution**

- 8.18 This option would involve seeking a shorter-term arrangement so that Carnoustie might be able to host The Open again at some point in next 5-10 years, prior to the expiry of the current Minute of Agreement. As part of this approach the Council would consider future long-term arrangements nearer to the expiry of the existing Minute of Agreement in 2033. In practice this option would be the same as Option 1 in the short term, i.e. no investment or governance changes but would mean a wider review of arrangements to apply beyond the expiry of the current Minute of Agreement being undertaken in around 7-10 years time.
- 8.19 This option is highly uncertain as to its feasibility because it is not in line with the aspirations or requirements of key partners, especially in regard to hosting The Open. However, if elected members are concerned about the other options available, discussions could take place to ascertain if the various partners were open to doing a one-off deal to bring The Open to Carnoustie once more before expiry of the Minute of Agreement. If this were possible it would go some way to securing the future of the courses for the short to medium term.
- 8.20 Appendix B shows how this option has been scored against the assessment criteria and the reasoning for the scores. **This option currently achieves an overall weighted score of 340.**
- 8.21 While Option 5 scores well against some criteria it performs poorly against others. This option is attractive in avoiding major change and disruption in the short term but does not address some of the underlying issues and could be quite a high risk strategy if the strategic objectives of key partners have been correctly understood. Notwithstanding the scoring and risks it is recommended that this option be investigated further to confirm beyond doubt whether it is feasible.

### **Summary of Options and Recommendations**

- 8.22 As stated earlier the main purpose of this report is to enable elected members to determine which option or options should be pursued as the next step. The report is not seeking a final decision on the option to be implemented. Table 1 below summarises the results of the current scoring assessment on each option. The purpose of the scoring as provided below is to give Council a broad indication of the current assessment of each option. As indicated, it is most likely that the scoring will change as the options are further developed.

**Table 1 – Assessment Scoring Summary**

	Criteria	Weighted Score				
		Option 1	Option 2	Option 3	Option 4	Option 5
1	Supports the Council's strategic priorities for the Angus economy	30	120	90	120	30
2	Secures Carnoustie as an Open venue	0	80	60	80	40
3	Secures continued access for local golfers	60	80	80	80	60
4	Secures continued funding for charitable purposes	40	60	80	60	40
5	Ensures golf courses remain public assets	80	40	80	60	80
6	Ease of implementation	40	30	10	20	30
7	Speed of implementation	40	20	10	20	30
8	Overall level of risk	0	40	20	20	20
9	Potential commercial return for Council from these strategic assets	10	20	30	30	10
	<b>Total Score</b>	<b>300</b>	<b>490</b>	<b>460</b>	<b>490</b>	<b>340</b>

- 8.23 Table 2 below summarises the options and what officers are recommending as the next steps in regard to each of those options.

**Table 2 – Options and Recommendations**

Option	Recommendation
1. No Change / Status quo	Reject – would not achieve recommended strategic objective set out in Section 6 of this report and scores poorly in assessment
2. New Governance Arrangements with External Investment - CGLMC Proposals	Pursue further – progress discussion / negotiation with all stakeholders as a priority but in conjunction with Options 3 and 4
3. New Delivery Model Led and Funded by Angus Council	Pursue further – due diligence investigation and work to enable fuller comparison with Options 2 & 4
4. CGLMC Proposals but on different terms	Pursue further as variation to Option 2 rather than a standalone option
5. Seek a shorter-term solution	Pursue further to confirm whether this is a realistic and viable option and to enable further comparison with other options

### **Specific Issues for Members to Consider in Deciding Which Options to Pursue Further**

- 8.24 Given the importance and the potential duration and scale of the decisions the Council is being asked to make in this regard it is essential that those decisions have a clear rationale and the options which are capable of delivering the Council's strategic objectives are assessed as fully as possible before a final decision is made. As explained above there are some risks with the Council investigating other options but it is difficult to see how the Council could make a best value decision without further work being done to investigate Options 3, 4 and 5 as well as Option 2 and an updated Options Appraisal being provided in the coming months.



- 8.25 All partners involved in Options 2 and 4 will incur costs to develop it into a final set of proposals for agreement so it is vital that elected members, in considering these two options, agree to them being further progressed only if they are content with the broad structure, principles and intent of these options. This report does not seek to commit members to either of these Options at this stage but partners do need to know whether the Council considers them to be viable and acceptable options in principle, on the basis of the information available at this time.
- 8.26 Pursuing Option 3 further would also incur additional costs although these would be mainly for the Council to bear as the investigation and diligence work would be for the Council's purposes. As with Options 2 and 4 members should agree that Option 3 be further progressed only if they are content with the broad concept, principles and intent of this option. Further investigation of Option 5 is not thought likely to lead to additional costs.

## **9. PUBLIC CONSULTATION**

- 9.1 Elected members will be aware of the public consultation requirements for Common Good property under the Community Empowerment (Scotland) Act 2015 and may also be aware of the Best Value statutory guidance which states, inter alia, that in achieving Best Value, a local authority will be able to demonstrate that engagement with communities has influenced strategic planning processes, the setting of priorities and the development of locality plans. Other legislation can also require consultation in certain circumstances. Legal advice in this regard indicates that a lease option (Options 2 and 4) would constitute a disposal of open space by the Council and as such would be subject to the requirements of section 27 of the Town and Country Planning (Scotland) Act 1959. That Act requires the Council to publish a notice on the proposals and consider any objections raised.
- 9.2 Some of the options set out earlier in this report would, if implemented, be a significant change to how a major public asset would be run and managed in the future. If the final proposals also include other land not currently leased to CGLMC that may also be a matter of public interest.
- 9.3 In addition to the requirements of the 1959 Act referred to in paragraph 9.1 above, there are also strong ethical and reputational grounds for all parties to consult with the public and there is likely to be a legitimate expectation that consultation on the future of such an important public asset will take place. There are however specific challenges from undertaking a public consultation on this matter given the commercially sensitive nature of the project which, as stated earlier, is the subject of a non-disclosure agreement.
- 9.4 Given the commercial sensitivities any public consultation would need to be pitched at a relatively high level and be based on broad principles rather than specific details. The content of such a consultation would need to be discussed with CGLMC and other partners but would most likely be appropriate to be undertaken once further information on all the options is available and all core terms have been agreed in principle. Council would need to ensure compliance with the aforementioned 1959 Act and have regard to the outcome of such consultation once it was undertaken.
- 9.5 It is recommended that the Council agree that a public consultation be planned for as part of the process of informing the Council's final decision in this regard (which Option to implement) with the detail and timing of that consultation and the proposed consultation content to be subject to a further report to Council prior to being launched.

## **10. NEXT STEPS & ACTIONS ARISING**

- 10.1 This report represents a significant milestone and decision point and it is particularly important that if the recommended options are agreed to be further pursued that this happens as quickly as possible bearing in mind all of the other demands facing the Council over the coming months. Commentary on resourcing the further work is provided in Section 11 below.
- 10.2 Section 20 of Exempt Report 8/22 provides additional detail on what the next steps would entail should elected members choose that particular option. Given the need to take forward the 4 recommended options rapidly the following key actions are envisaged (the timescales shown are indicative and considered to be optimistic and will not be entirely within the Council's ability to achieve):-

	Action	Indicative Timescales	Comment
1	Appoint specialist legal and financial advisers to support Council officers in pursuing Options 2, 3 and 4. Option 5 not thought likely to need adviser input	By mid February 2022	Assumes use of framework and quick quote to speed up procurement process
2	Appoint Council team to oversee this work	January 2022	It will be necessary to release key staff from some of their existing duties to deliver this work. This will prove very difficult to achieve in practice.
3	Discussion / Negotiation / Further work on Options 2 and 4 so core terms are fully understood for Council to consider alongside the other options. Specialist adviser input and report for Council to be prepared on this	January 2022 to April 2022	Intention would be to have core terms agreed in principle. It is difficult to know how long this may take so end date of April considered a best case scenario
4	Investigation / Due Diligence / Assessment of Option 3 and preparation of report on this by specialist advisers	January 2022 to June 2022	In this timescale it would not be possible to develop a fully worked up proposal ready to be implemented but it should be possible to confirm or otherwise the deliverability and benefits of Option 3 to allow a best value comparison with the other Options
5	Investigation / Assessment of Option 5	January 2022 to March 2022	Timescales on this option will depend on partner input but would hope to conclude quickly
6	Public Consultation content agreed and then undertaken and results reported back to Council	June – July 2022	Timing will depend on progress of investigation / negotiation of other options.
7	Report to Council on outcome of further work under actions 3 to 6 seeking agreement to implement a preferred option	August 2022	Decision would be either Option 5, implementation of Option 2 or Option 4 or move to begin the implementation of Option 3
8	Implementation Phase	From August 2022	Implementation phase and length will depend on final option chosen

## 11. RESOURCING

- 11.1 Completion of the actions in Section 10 above within the target timescales will require significant resource both internally to the Council and from specialist advisers. Specialist financial advisers have already been appointed on the basis of a possible 2 stage commission but no authority or budget for that second stage commission is in place at present. Specialist legal advisers will also be required to support among other things the development / negotiation of specialist commercial terms for some of the recommended options. It may also be necessary to obtain specialist advice from an estates/commercial property expert and leisure industry specialists.
- 11.2 It will also be necessary to free up the time of a small number of key officers who have been liaising with CGLMC on their proposals for the last few months so that those officers have dedicated time available to work on developing the recommended options over the next 6-8 months. Senior officers in Finance, Legal, Communications, Estates and Vibrant Communities will be required to work on this with finance and legal input being the most significant. Creating the capacity among existing staff will be exceptionally challenging given existing workload demands and with the Council's best value audit now underway. Freeing up officer time will therefore impact on the scale and pace of other work. This is considered to be necessary given the importance of securing the right outcome for golf at Carnoustie over the longer term.

- 11.3 It will be necessary to procure specialist legal and financial advisers to support the internal officer team. It is difficult to project the cost of these advisers but given they would be supporting work across several options a substantial number of hours of support is expected to be required. In order to provide some flexibility and recognising the importance of the subject matter it is recommended that the following delegations be approved:-
- a. authority to the Director of Finance to procure specialist financial advisers and, if required, other specialist advisers to take forward the recommended options and support delivery of the actions set out in Section 10 of this report;
  - b. authority to the Director of Legal & Democratic Services to procure specialist legal advisers to take forward the recommended options and support delivery of the actions set out in Section 10 of this report;
  - c. authority to the Director of Finance to use up to £125,000 of the 2021/22 Provision for Additional Burdens revenue budget to meet the cost of specialist advisers and where feasible any backfilling of internal staff time to support this work;
- 11.4 Officers will seek to use specialist advisers only where necessary to minimise the costs involved so the budget authority in c) above would be a maximum level of authorised spend.

## **12. RISKS**

- 12.1 The main risks associated with this report have been explained in Exempt Report 8/22. Two inter-related risks are however worth emphasising as follows:-
- Timescales/Urgency – the pandemic has disrupted progress but there is a need to move forward on this as quickly as possible for a variety of practical and commercial reasons. The longer it takes to reach a conclusion the more risk there is of key objectives for all parties becoming undeliverable.
  - Scale and Duration – the options which are recommended to be developed further will all result in decisions being made which are large in scale and long term in nature and it is vital in this context that the Council chooses the best value option to deliver its strategic objectives. There is a risk that timescale pressures impinge on getting the best outcome and this is a risk which will need to be carefully managed. We need the right outcome not the quickest outcome.

## **13. FINANCIAL IMPLICATIONS**

- 13.1 The only direct financial implication for the Council arising from the recommendations in this report is the cost of backfilling internal officer time and the costs of specialist advisers which it is recommended be procured to support the work on the options recommended for further development. This is estimated to cost up to £125,000 to be funded from the 2021/22 Provision for Additional Burdens revenue budget. As a rough guide it is estimated that this cost of up to £125,000 would be split 40%/60% between the work to finalise Options 2 or 4 and the work required to further investigate Option 3.
- 13.2 While the direct financial implications at this juncture are as described above there are potentially significant direct and indirect financial implications arising from implementation from some of the recommended options and this will be covered in subsequent reports.

## **14. LEGAL IMPLICATIONS**

- 14.1 While there are potentially significant direct and indirect legal implications arising from implementation of any of the Options, there are no legal implications arising directly from the recommendations in this report.

**15. EQUALITY IMPACT ASSESMENT**

15.1 An equality impact assessment has been completed and is attached at Appendix C.

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**List of Appendices**

Appendices A1 and A2 - Maps of Land Covered by Legal Agreements

Appendix B - Scoring of Options Against Assessment Criteria

Appendix C – Equalities Impact Assessment