

ANGUS COUNCIL – 30 JUNE 2022

CARNOUSTIE GOLF PROVISION – FUTURE ARRANGEMENTS - UPDATE

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report updates members on progress with the detailed investigation of options which the Council agreed be undertaken at a Special Council meeting on 20 January 2022. The report seeks authority to increase the funding for specialist advisors to support this work following a tendering process.

The report also highlights to members important information concerning a potential planning application which CGLMC Ltd., ("CGLMC"), are considering submitting to the Council which if made would require a separate and distinct public consultation in line with planning legislation.

1. RECOMMENDATIONS

1.1 It is recommended that the Council:

- a) note the update on progress with the development of the options, the updated action plan and timetable set out in Section 4;
- b) note the update and proposals for resourcing the work required and approve the increase in the funding for this work as set out in Section 5;
- c) note the revised estimated timeline for a public consultation on the options as set out in Section 4;
- d) note that Council officers have been made aware of the potential for a planning application being made to the Council for the redevelopment of the Carnoustie Golf Hotel and surrounding area. This would be deemed a major application which would give rise to a separate process of pre-application public consultation under planning legislation;
- e) note for the avoidance of doubt that any public consultation/engagement for planning purposes is a completely separate process and therefore any such public consultation/engagement in this context will have no bearing or influence on the public consultation regarding future options for golf at Carnoustie as outlined in the Council Report in January 2022 or any future Council decisions on the options.

2. ALIGNMENT TO THE COUNCIL PLAN

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

3. BACKGROUND

3.1 At a special meeting of Angus Council on 20 January 2022 the Council considered and approved the recommendations in Reports 9/2022 (exempt) and [Report 8/2022](#) regarding Carnoustie Golf Provision – Future Arrangements. Among other things Council:-

- confirmed its strategic intent regarding the future of the golf courses at Carnoustie as set out in Section 6 of the Report, and agreed that working with partners to secure the return of The Open Golf Championship to Carnoustie on a regular basis was something to be pursued as a high priority objective over the next few months;

- agreed that 4 recommended options be taken forward and developed to inform and enable Council to make a decision on a final option for implementation, those options were:-
 - Option 2 - New Governance Arrangements with External Investment - CGLMC Proposals
 - Option 3 - New Delivery Model Led and Funded by Angus Council
 - Option 4 - CGLMC Proposals but on Different Terms
 - Option 5 - Seek a Shorter-Term Solution
- agreed that a public consultation be planned for as part of the process of informing the Council's final decision on 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; and
- approved the resourcing arrangements, costs and funding for the further work which was required to develop the 4 agreed options including a number of delegations to officers to procure specialist financial, legal and other advisers at an estimated cost of up to £125,000.

3.2 This report updates members on progress with the detailed investigation of options; seeks authority to increase the funding for specialist advisors to support this work following a tendering process and highlights important information concerning a potential planning application which CGLMC are considering submitting to the Council which would involve separate and distinct pre-application public consultation/engagement in line with planning legislation.

4. PROGRESS WITH OPTIONS INVESTIGATION & REVISED DELIVERY TIMETABLE

4.1 Progress with examining the 4 options agreed by Council in January has been much slower than intended. This has been due mainly to limitations on officer capacity caused by multiple competing priorities including the residual effects of the pandemic, supporting the Best Value audit process, additional work resulting from arranging support for Ukrainian refugees, the challenges and remedial actions required due to surging inflation and the cost of living crisis and major challenges with staff recruitment to fill vacancies. Most of these capacity issues are unlikely to ease in the short term but it is vital to make rapid progress on completion of the assessment of the 4 options previously agreed to provide a clear direction of travel for the future.

4.2 Table 1 below provides an estimated updated timeline for completion of the work required including the progress made with some of the actions. As was the case in January the timescales for delivery shown below are very challenging It should also be stressed that they are very much dependent on the progress of any future discussions and negotiations with relevant third parties. To that extent, they may require to be updated further.

	Action	Revised Timescales	Comment
1	Appoint specialist legal and financial advisers to support Council officers in pursuing Options 2, 3 and 4	31 July 2022	Financial, legal and specialist advisers to be appointed
2	Appoint Council team to oversee this work	April 2022	Complete – officers from Legal, Finance, Communities and Communications have formed a project team with oversight by a small Project Board chaired by the Chief Executive
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	May to September 2022	Intention would be to have core terms agreed in principle. It is difficult to know how long this may take and as it involves multiple parties the timescale is not in the Council's sole ability to control.

4	Investigation / Due Diligence / Assessment of Option 3 and preparation of report on this by specialist advisers	July to September 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	August to September	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	September to November	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 and, subject to status of discussions and negotiations with all key stakeholders, seek agreement to implement a preferred option.	December 2022/ Jan 2023	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 January 2023	Implementation phase and length will depend on final option chosen

5. RESOURCING

- 5.1 Report 8/2022 stated that it would be necessary to free up the time of a small number of key officers so that those officers have dedicated time available to work on developing the recommended options. The report also stated that creating the capacity among existing staff will be exceptionally challenging given existing workload demands and expected that doing so would impact on the scale and pace of other work. In practice it has not been possible to free up capacity to the extent required and in order to make better progress over the next few months it will be necessary to call on the support of external advisers to a greater extent than had initially been envisaged. It is also recognised that in light of the complexity and specialist nature of the project, the input of specialist advisers is required so that members will be fully informed in terms of their decision-making.
- 5.2 Report 8/2022 advised members that “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”. There is also significant potential commercial value in future arrangements for the Council itself which, given the huge financial challenges facing the Council, is an opportunity which cannot be wasted. Investment in a thorough and full process of due diligence and investigation of the options is essential but does require investment.
- 5.3 In approving Report 8/2022 members authorised 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. It is now clear that in order to drive the work forward at pace this funding will be insufficient and it is therefore proposed to increase the project budget by a further £125,000 to provide a total funding provision of £250,000. This enhanced budget will support additional input from advisers beyond that initially planned and will help ensure more rapid progress is made.

6. PUBLIC CONSULTATION ON OPTIONS & FUTURE ARRANGEMENTS

- 6.1 Report 8/2022 highlighted that legal advice 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. The report also noted that some of the options would, if implemented, be a significant change to how a major public asset would be run and managed in the future and that if the final proposals included other land not currently leased to CGLMC that may also be a matter of public interest.
- 6.2 The Council agreed in January that a public consultation be planned for as part of the process of informing the Council's final decision (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. This remains the intention but because work to investigate the options has been delayed it is not yet possible to bring the proposed consultation content to members for consideration. This is now being targeted for September 2022.
- 6.3 For the avoidance of doubt elected members will be asked to approve the consultation before it begins and will require to have the results of that consultation available to inform their final decision on which option to implement. No decision on which option to implement can be made until the investigation work has been undertaken and the consultation on those options completed.

7. POTENTIAL PLANNING IMPLICATIONS

- 7.1 Options 2 & 4 from Report 8/2022 are based on proposals from CGLMC which would involve new governance arrangements with external investment. Since the Council decision in January CGLMC and their investment partner have continued to work on the details of their proposals, a significant aspect of which includes the redevelopment of the existing Carnoustie Golf Hotel and wider masterplan to look at the linkages to the town centre and connect to the railway station.
- 7.2 CGLMC and their investment partner are, at their own risk and cost, preparing detailed plans for the redevelopment of the Hotel so that if the Council chooses Option 2 or 4 as its preferred future model any delays to implementation arising from the planning process can be minimised and proposals delivered in sufficient time to secure a future Open Championship. Clearly this is an approach which carries the risk of abortive costs for CGLMC and their investment partner should the Council ultimately choose one of the other options. This risk is understood and accepted by CGLMC. Knowing what the CGLMC future plans are for the Hotel and surrounding area is useful as it informs the planned public consultation on all of the options.
- 7.3 Planning applications can be made for the redevelopment of land not owned or controlled by the applicant. An application for the redevelopment of the existing Golf Hotel will likely be deemed a "major planning application" and if that is the case a separate statutory process of engagement and consultation with the public requires to be undertaken. It is possible in the coming weeks that a proposal of application notice is made by CGLMC which will trigger this process and indicate their intention to submit a planning application later in the year.
- 7.4 It is therefore possible that a public consultation under planning legislation will be required either before or around the same time as the Council's separate consultation on the future options for golf at Carnoustie. Clearly two separate but related consultations create the risk of confusion among the public and could also give the impression (wrongly) that the Council has already decided to support the CGLMC option by considering any planning application which comes forward.
- 7.5 Officers consider it important to highlight to members the potential for a consultation under planning legislation overlapping with the separate and much broader consultation on the future options for golf at Carnoustie. It is also important to make clear for the avoidance of all doubt that a consultation for planning purposes is a separate legal process and that this, if it is required, will have no bearing or influence on the separate consultation on the future options for golf at Carnoustie the Council approved be undertaken in January 2022. These will be two separate decisions for the Council to make.

7.6 CGLMC are also looking to engage, more informally, with the local community and stakeholders around their wider aspirations for and how proposals would interact with the wider town in the development of a masterplan for the area. This would have some benefit in demonstrating the implications and exploring the potential opportunities of Options 2 and 4 as a preferred model however would also further complicate the consultation.

8. RISKS

8.1 The main risks associated with this report are as follows:-

- Timescales/Urgency – 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 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.

9. FINANCIAL IMPLICATIONS

9.1 This report recommends increasing the budget for the investigation of options and undertaking of the public consultation on those options by £125,000 to £250,000. This increase is required almost wholly due to the shortage of officer capacity to take forward the work to the extent originally envisaged. As members will note from the separate Final Outturn 2021/22 Report (Report 179/22 refers) the Council has saved an additional £0.5m on the year on staff costs due to delays and problems in filling vacancies. Those vacancies continue to impact on capacity for all other work. It is proposed that the recommended uplift in budget of £125,000 be met from the Council's uncommitted Reserves.

9.2 While the direct financial implications at this juncture are as described above there are potentially significant direct and indirect financial implications arising from implementation of the options being considered.

10. LEGAL IMPLICATIONS

10.1 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.

11. EQUALITY IMPACT ASSESMENT

11.1 An equality impact assessment is not required.

Report Author: Ian Lorimer, Director of Finance
Email Details: FINANCE@angus.gov.uk