

# BUSINESS OVERVIEW AND SCRUTINY COMMITTEE

Wednesday, 7 December 2016

Present:

Councillor	M Sullivan (Chair)	
Councillors	C Spriggs	W Ward
	J McManus	G Ellis
	D Realey	J Hale
	J Stapleton	D Mitchell

Deputies:

Councillors	C Muspratt (In place of A Leech)
	T Norbury (In place of RL Abbey)
	D Burgess-Joyce (In place of S Williams)
	D Elderton (In place of T Pilgrim)
	G Watt (In place of C Blakeley)
	I Williams (In place of KJ Williams)

## 43 APOLOGIES FOR ABSENCE

The Chair welcomed everyone to the meeting and noted that no further apologies had been received other than for Councillors Ron Abbey, Chris Blakeley, Anita Leech, Tracey Pilgrim, Jerry Williams and Steve Williams, all of whom had deputies standing in for them.

## 44 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST / PARTY WHIP

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

Members were reminded that they should also declare whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

## 45 CALL-IN OF CABINET MINUTES 55 AND 61 - HOYLAKES GOLF RESORT

The Chair referred to the decision of Cabinet (minutes 55 and 61) in respect of its decision on Hoylake Golf Resort and the signing of a Framework Development Agreement on the terms reported.

The decision had been called in by Councillors Chris Blakeley, Bruce Berry, Eddie Boulton, David Burgess-Joyce, David Elderton, Gerry Ellis, John Hale, Paul Hayes, Andrew Hodson, Kathy Hodson, Ian Lewis, Tracey Pilgrim, Cherry Povall, Lesley Rennie, Les Rowlands, Adam Sykes, Geoffrey Watt and Steve Williams, on the following grounds –

“The signatories to this Call-in are deeply concerned that, by agreeing to the confidential Framework Development Agreement (‘FDA’), the Council is effectively committing to a ‘done-deal’, with no clear exit strategy should the proposal prove not to be viable or financially and environmentally sustainable.

We are also disappointed that this project has never been subject to full debate by Council, so that other issues such as the impact of traffic, wildlife, flora and fauna, and effects on Wirral’s Green Belt can be fully explored; together with the alleged economic benefits to local people and to Wirral as a whole.

We believe signing the FDA renders any further consultation, prior to a formal planning application, as meaningless, contrary to the Council Leader’s reassurance to local residents and all other interested parties that ‘we will be continuing to consult and talk to people who live in Wirral, to make sure that we all move forward as partners in delivering these plans.’

Furthermore, to date £237,000 of Council Taxpayers’ hard-earned cash has been spent. To commit an additional £595,969, with the potential for further escalating costs, at a time when vital council services and jobs are being reduced, suggests that the Cabinet’s priorities are misplaced, while exposing the Council to further risk

We believe that a matter as important as this should be looked at in greater depth and detail in order to ensure adequate safeguards are in place to protect the Council Taxpayers of Wirral.”

The Chair then invited the lead signatory to address the Committee for up to five minutes

### **Explanation of Call-in by the Lead Signatory – Councillor Chris Blakeley**

Councillor Blakeley expressed his concerns at the Cabinet decision which were not just with the financial implications but also included the consultation process and environmental concerns. He suggested that the exempt appendix containing the report on the Development Agreement and the Development Agreement itself should be in the public domain as they both contained information which it was in the public interest for the public to see. Over £830,000 of Council tax payers’ money was being gambled on this scheme. Although the Nicklaus Joint Venture Group (NJVG) would contribute £300,000 of the £596,000 the Cabinet had approved, this contribution was contingent

upon the scheme progressing and planning approval being granted. The NJVG should put up their money as well and take some of the risk, why was the Council being asked to take all the risk? The NJVG had a Statement of Capital of £1,000 with one Director having 75% of the shares of the company and one his former companies having gone into liquidation.

The Chair invited questions to the Call-in lead signatory from the Committee and his responses included the following:

- He based his assertion that the Council was committing a 'done-deal' having read through the Development Agreement in which there was a lot of information which would lead one to believe that this was the case, though as the appendix to the report was exempt he could not discuss it in detail.

**Explanation of the decision taken by the Cabinet – Councillor Phil Davies (Leader and Cabinet Member for Strategic Economic Development, Finance and Devolution)**

Councillor Phil Davies emphasised the potential benefits of the £190m project with 170 direct jobs, an 18 hole Jack Nicklaus designed signature golf course, a new replacement Jack Nicklaus designed municipal golf course, and up market hotel and spa, a Links Golf academy, new access link roads and quality housing. He was very pleased that there had also been very strong interest from the Celtic Manor Hotel Group with regard to the proposed hotel development at the proposed resort. He thought it of interest that the call-in had not been signed by the Leader of the Conservative Group. He did not believe that it was a 'done-deal' as the Council still retained control over the project with a Funding Strategy due to come to Cabinet in March, 2017.

All the ecological issues would be addressed as part of the planning process. He accepted that £595,000 was a significant amount of money but only amounted to 0.3 per cent of the total project cost. The risk at the moment was a calculated one but a risk worth taking in terms of job creation and investment. It also showed the Council's ambition for Wirral, which, in the future would be more reliant on council tax from new housing and business rates. He stated that the project was worthy of the Committee's support.

The Chair invited questions to the Cabinet Member from the Committee and his responses included the following:

- An estimated 170 direct new jobs would be created along with construction jobs for the proposed new golf facility. There would be a new 4 star hotel with restaurant and jobs would also be created through the supply chain to service all of this.

- Celtic Manor had stated that only 10 per cent of income would come from golf with the vast majority of income coming from the hotel / restaurant and people staying in the area.
- The Chief Executive of Celtic Manor had been to visit and he had stated that the golf offer would not be the only income stream; corporate businesses would be attracted to hold conventions at the hotel.
- The Council faced a funding crisis with savings of £132m to be made over the next four years and there was a desperate need to identify sources of income to enable the Council to deliver decent public services.
- The proposed resort would be a vital addition to housing council tax and business receipts.
- He believed that a project like this would help out with apprenticeships and was a tailor made opportunity for young people with many direct and indirect jobs potentially being created.
- He and officers had looked at a Jack Nicklaus course in Wales and both NJVG and Celtic Manor were experienced operators with a good track record. As a Hoylake resident he thought that it would be of benefit to residents in the Hoylake ward.
- The Council was currently conducting a review of its leisure services because they were being subsidised at a cost of £4m and there was a need to get better value for money. There were no plans at the moment to close any municipal golf courses and he would let the review currently taking place take its course. There would be a new municipal golf course which was good news for those people currently using golf courses.
- He understood that the £596,000 was in order to do some essential land preparatory work to make sure the land was safe to build the golf course on. He hoped it would be the end of any financial commitment from the Council but there may be a requirement for some further funding.
- By March of 2017 the Funding and Viability Assessment would be complete and members would be able to see the risks and rewards of the whole scheme.
- The signing of the Framework Development Agreement did not mean that the Council would be 'locked in' as the Council would still retain absolute discretion to withdraw from the whole scheme should the funding strategy not prove to be acceptable.
- It was hoped that revenue funding would amount to £4.5m over five years as well as a capital receipt from the sale of the land and overage from the share of profits from the hotel.
- The Chief Executive and Chief Operating Officer of Celtic Manor were very excited by the opportunities which the location presented when they visited the site and this was the first development that they wanted to undertake outside their own development area.
- It was important to understand local views and further informal consultation would take place.
- Celtic Manor was very open to using local producers in supply chain.

## **Evidence from Call-in Witnesses – Elizabeth Davey, John Hutchinson, Keren O'Rourke**

### **Elizabeth Davey, local resident**

Ms Davey stated that she shared the ambitions of the Leader of the Council for Wirral and for the area to succeed. She did, however, express her concerns at the ecological impact and the loss of potential agricultural land. Land, which in 1814 had been thought worthy of draining because of the high quality of the soil. She also expressed concerns at the loss of greenbelt land and that the proposal for housing did not include any mention of affordable housing. Also, that although the Council was investing all this money the proposals might not pass the threshold for very special circumstances for development in the greenbelt.

No questions were asked of Ms Davey.

### **John Hutchinson, former Chairman of the Hoylake Golf Resort Committee and local resident**

Mr Hutchinson addressed the Committee and informed the meeting that he was a former prospective owner of golf resorts who had made money from the sale of land. The Council was cutting millions from its budget and now was not the time to be spending £600,000 on a vanity project. Tourism income from the resort would not accrue to the Borough and it would not provide leisure to local residents. Would the roads system be able to cope with the extra traffic which would be generated? He also queried why the Langfields part of the site was not a Site of Biological Importance (SBI), was it because this would create a barrier to development? Development of Wirral's docklands would meet all of the 2020 pledges by creating jobs across the economy and new housing. He stated that two thirds of the community did not support the idea of a resort and that the site was home to the black tailed godwit in numbers that would qualify it as a Site of Special Scientific Interest (SSSI).

The Chair invited questions to Mr Hutchinson from the Committee and his responses included the following comments:

- Golf resorts were toxic to the natural environment and to the local economy.
- None of the expenditure at the resort would leave the resort except in pay as the whole point of the golf resort was for visitors to stay within the resort.

### **Keren O'Rourke, local resident**

Ms O'Rourke expressed her concerns as a local resident and stated that there did not appear to be a clear business plan in place. Consultants had

concluded in a previous report that the resort would not be viable without the housing aspect to the project. There were several nationally and internationally protected species and the site did meet the criteria for a SBI and SSSI. She also went on to outline objections to the proposal on greenbelt policies which only very special circumstances could overcome. Why was a golf resort seen as the only option for the site, when a site such as Martin Mere in Lancashire could provide 90 jobs rather than 170 mostly low paid jobs? She suggested that the money could be far more wisely spent.

The Chair invited questions to Ms O'Rourke from the Committee and her responses included the following comments:

- Planning consent won't be agreed and any application would be thrown out as it wouldn't meet planning policy guidelines for greenbelt development.

**Evidence from Call-in and Cabinet Member witness – David Ball, Assistant Director: Environmental Services**

The Chair then invited David Ball, who was appearing as both a call-in and Cabinet Member witness.

Mr Ball made no opening statement and stated that he was happy to respond to questions. His responses to questions included the following comments:

- None of the money the Council had so far spent was recoverable if the project failed, the money had to be seen as investment in taking the project forward and was no different to the way in which hundreds of other developments had been done in the past.
- This was not the only regeneration project that the Council was engaged in.
- The next stage, the Funding and Viability Assessment, would set out the costs and funding of the whole project including the sources where the funding would be coming from.
- If the project was given planning permission then the NJVG would pay £300,000 of the £596,000 that was now proposed to be spent. If this money was not invested now then the project would not happen at all.
- He did not envisage the requirement for the Council to put any more money in for consultants or legal fees and if the Funding and Viability Assessment was agreed then all the costs for the next stage onwards would drop over to the developer.
- The Council would assess the Funding and Viability Assessment and need to be satisfied that a number of conditions had been met and if any of these conditions could not be met then the Council could move away from the project.
- He confirmed the timetable for the next stages of the project and that if the Committee approved the Cabinet recommendation the Framework

Development Agreement would be signed with the funding and viability assessment plan coming to the Cabinet most likely in March, 2017.

- With regard to the Langfields site there had been some discussion as to this site being designated as a SBI and he would not have an issue with this. An SBI would carry some weight but not significant weight.
- Work was being undertaken on the project on the basis that it would need to adhere fully and satisfactorily to all environmental issues in the area. Some issues could be addressed by the design of the golf course or by off-site means.
- A meeting had been held with a number of environmental groups, including the RSPB and they had been asked to work alongside the Council to provide information to the developer. Environmental groups were willing to work on that basis without committing to support or not support the project.
- A meeting had been held with the developer and their consultants to take them through all of the Council's planning policies and they would treat the environmental side of the project with the same importance as any other. A similar scheme in South Wales had successfully worked through all of these issues.
- After the Funding and Viability Assessment was completed and, if agreed, it would be the developer's responsibility to take the project forward with their backers, it was not for the Council to take the project forward.
- NJVG had put in approximately £500,000 to date on the project on preliminary work around the course design and legal fees.
- Negotiations had taken place on the development agreement for well over 12 months and as part of these negotiations NJVG had agreed to meet 50 per cent of the £596,000 costs subject to planning permission being agreed.
- He acknowledged that he had a range of responsibilities in his role as Assistant Director: Environmental Services including regeneration and planning. The regeneration team had worked with the developer on the project but the planning team were not involved in these negotiations. If and when a planning application was submitted they would look at the planning application in light of planning policies and they would make a professional objective judgment. It would then be for the Planning Committee to make a decision, considering and weighing up all the planning merits of the application.
- If the Planning Committee was minded to approve an application then it would have to be referred to the Secretary of State and they would have to decide whether or not the application should be called in or not.
- Certain elements of the project would not constitute inappropriate development in the greenbelt but certain other areas of the project would, and the developers would need to demonstrate that very special circumstances applied. It would be for the developers to make the case for these very special circumstances and until he saw the details he could not comment on whether it would meet these or not.

## **Summary of the Lead Signatory – Councillor Chris Blakeley**

Councillor Chris Blakeley thanked Elizabeth Davey, Keren O'Rourke and John Hutchinson for giving up their time to attend the meeting. He stated that it was not a party political issue but rather about protecting Council Tax payers' money. The Leader had said that, 'He hoped it would be the end of any financial commitment from the Council but there may be a requirement for some further funding'. Members of the Planning Committee would be involved at the planning stage, that was 13 Members, therefore 53 Members would not be involved, why not involve all 66 Members and give them the opportunity to debate the matter. He agreed that all Members wanted the best for Wirral but this was a huge risk with public money, which the Council would not get back if the project did not go ahead. The proposal was not unreasonable, however, the risk was unreasonable. Is this Committee content to support the Cabinet and gamble council tax payers' money?

## **Summary of the Cabinet Member – Councillor Phil Davies**

This was a unique opportunity which would be of enormous benefit to Hoylake and Wirral and he did not accept that benefits would not accrue to the local economy. What was the Council's appetite for risk, the Council must be risk aware not risk averse. He acknowledged that it was a lot of money to spend, £250,000 of this was needed to be spent on making sure the landfill site was safe. If the Council didn't take this decision then nothing would happen, would the Council be saying that it didn't want any development like this to happen in Wirral. This was a £190m project to be spent in West Wirral, it would be madness not to take it to the next stage. If the Council didn't then the Council would run out of money by 2020. The call-in refers to it being a 'done-deal' but it was absolutely not it was a necessary step to get the project to the next stage. The Council was trying to put projects in place to make sure the Council had a future and he appealed to the Committee to let the project go to the next stage.

## **Committee debate**

A Member commented that he was persuaded but not so sure that with a project this large if the Council didn't agree to give this money that the developers would not go ahead with the project which would be a massive income earner for the developer.

Another Member referred to the need to look after the public purse and expressed concern about the whole process which would have been better debated by the whole Council. The Planning Committee would pick up on the issue of a proposed site of Biological Importance.

A Member expressed his concern at whether there would be any real consultation on the greenbelt issue as the issue would only come before the

Planning Committee at the very end of the process. The proposal was for a very large hotel and not something that would disappear into the landscape, also the expanding need for enabling development was turning the proposal for housing on the site into a housing estate.

The Assistant Director: Law and Governance then reminded the Committee of the three options that were before them as part of the call-in procedure.

It was then moved by Councillor G Watt and seconded by Councillor D Elderton, that –

“Committee welcomes the opportunity to scrutinise the Cabinet’s decision on the additional spending on the proposed Hoylake Golf Resort and refers the decision back to the Cabinet Member asking that he:

- (1) Completes meaningful consultation on the proposal before acceding to the request for a further cash injection.
- (2) Carries out due diligence on the development partners’ financial standing.
- (3) On receipt of the results of the consultation and financial due diligence, refers the matter to Council, including risk management documentation.
- (4) Seeks to share the proposed costs between the investor and the Authority and releases funds only on completion of agreed stages.
- (5) Gives a commitment that no other Council owned land golf course is closed or disposed of.”

The motion was put and lost (6:8) (One abstention).

It was then moved by Councillor C Spriggs, seconded by Councillor D Realey, and –

**Resolved (9:6) –**

**That this Committee upholds the Cabinet decision to take the necessary next steps in the development of the Hoylake Golf Resort as an exciting and ambitious project that we hope will prove beneficial to the people of Wirral in terms of jobs, local businesses, leisure opportunities, the environment and the visitor economy.**

The Chair then closed the meeting and thanked everyone for their attendance.