

WIRRAL COUNCIL

CABINET: 20TH JULY 2015

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| SUBJECT: | HOYLAKE GOLF RESORT |
| WARD/S AFFECTED: | ALL WARDS WILL BE AFFECTED BY THIS REPORT |
| REPORT OF: | STRATEGIC DIRECTOR REGENERATION & ENVIRONMENT |
| RESPONSIBLE PORTFOLIO HOLDER: | REGENERATION AND PLANNING STRATEGY |
| KEY DECISION | YES |

1.0 EXECUTIVE SUMMARY

- 1.1 This report requests Members to note the significant progress made with regard to taking forward the Hoylake Golf Resort project, to authorise the announcement of the Nicklaus Joint Venture Group (NJVG) as the Council's Preferred Development Partner on a conditional basis. This action will precede the commencement of the stand still period prior to the signing of a formal development agreement. With this security the development partner can then finalise their financial arrangements, make further progress on designing the golf resort and to make preparations for the submission of a planning application. Closure of the Competitive Dialogue phase of the project will also allow a period of extensive public consultation to commence. The second part of this report sets out further financial details and is exempt under Schedule 12A of the Local Government Act 1972 due to the commercial sensitivities of that information.

2.0 BACKGROUND

- 2.1 Developing a world class international golf resort in Hoylake has been a long term aspiration of the Council given the proximity of Council owned farm land to the Royal Liverpool Golf Club (RLGC). The RLGC has a special place in the history of golf particularly "links style" golf and the name of Hoylake is known world-wide. Over a long history the course has hosted many prestigious international tournaments including the Open Championship on numerous occasions, most recently in 2014. Inclusion of the project in a range of Council strategic policy documents including the Investment Strategy illustrates the importance placed on the golf resort concept as a driver for significant regeneration and economic development in Wirral.
- 2.2 In 2004 a number of studies were commissioned to shape the project and gauge demand and the viability of the concept. These studies and strategies include;
- Regeneration Plan 2004 (BDP)
 - Needs Assessment 2006 (Capita Symonds)
 - Technical Assessment of Land 2007 (Capita Symonds)
- 2.3 The key conclusions from these studies were that Wirral and Hoylake has an excellent opportunity to deliver and sustain a unique golf based resort offer. The Needs Assessment in particular concluded that a golf resort in the proposed target area

would build upon the England's Golf Coast brand and address regional demand for a high quality associated hotel. As the Council is the principal land owner it gives the platform to use this controlling influence to promote the golf resort concept and facilitate further land assembly to create the necessary land footprint required.

- 2.4 The economic recession in 2008 with the associated impact on the property market effectively slowed progress until the project was revived again as the market was seen to improve and the need for economic development intensified. The project was re-launched at the Ricoh Women's Open on 14th September 2012 and 23 expressions of interest were received from leading companies across the world. Taking forward this renewed interest and previous decisions, Cabinet on the 11th July 2013 approved the appointment of a specialist consultant team to support the in-house delivery team through the Competitive Dialogue process (minute 42). The consultant team was co-ordinated and project managed by Aecom consisting of experts in the procurement of international leisure and sporting development projects, IPW, DTZ with regard to the hotel and property sector and a specialist golf design consultant Kevin Munt (KMGC). Legal support was provided by Pinsent Mason LLP and additional Planning advice was sought from Cassidy and Ashton.
- 2.5 Additional soft market testing was undertaken and further market review took place in August 2013. This renewed activity cumulated in 4th October 2013 with the issuing of a notice in the Official Journal of the European Union (reference 2013/S 196 - 337612) inviting expressions of interest from potential private sector partners to engage in a competition for the right to develop a world class golf resort in Hoylake.
- 2.6 The benefits to Wirral of a world class golf resort are many particularly viewed within the wider context of England's Golf Coast which links Royal Liverpool, Royal Birkdale and Royal Lytham into an attractive and highly marketable offer for international and UK based visitors. The addition of a new Nicklaus signature course, hotel and a links course academy lifts the existing offer onto a significantly more attractive level. England's Golf Coast currently lacks a quality hotel on site and the clustering of venues in close proximity together with the links academy will be unique in England. The involvement of international trading names on the golf and hotel fronts will have an immediate impact creating interest and demand in the area and recapture some of that demand currently displaced to Liverpool and beyond.
- 2.7 All the job estimates within the bid document are based on live data sourced from a similar operational golf resort in South Wales. It has been calculated that the Hoylake Golf Resort could create a total of 175 direct jobs once the operation was mature. The two main job elements will be on the golf and clubhouse operational side of the business, 86 jobs and 67 jobs on the operation of the hotel. The bid also estimates that the construction of the championship golf course, hotel, club house and infrastructure would create a total of 168 construction jobs. The construction of the residential element of the scheme could create a further 50 jobs.
- 2.8 The indirect benefits of the project are more difficult to state at this stage of the development but detailed modelling work will be undertaken to quantify the wider economic benefits of the project at the next stage of development. At this point in time, based on live data, the casual golf visitors could grow from 1,800 in year one to around 3,000 in year five. Golf society and corporate days start at 1,565 in year one and grow by 1,100 over the next five years. The visitor numbers will drive the indirect

benefits as spend spreads to the wider economy in Wirral, Liverpool and Chester. The multiplier effect of salaries combined with local sourcing of produce and other services will boost local economic impacts.

- 2.9 The bidder also has experience of supporting local schools by providing work experience for year 9 and 6th form students interested in pursuing careers in the hotel, golf and leisure industry. Apprenticeship opportunities would also be made available to local people.
- 2.10 This project coincides with the strategic review of municipal golf courses being undertaken by the Council. However, the Golf Resort is considered because of its size, scale and unique offer to be of regional and international significance that it should be considered on its merits separately from the review process. There may be additional economic spin-off benefits for the development of golf in Wirral which may benefit some of Wirral's existing higher profile municipal courses.

3.0 THE PROCURMENT PROCESS

- 3.1 Given the complexity of this project and in particular the need to engage and collaborate with specialist private sector developers and flesh out how a viable golf resort could be put together, it was decided to utilise the Competitive Dialogue procurement methodology as a means of securing a preferred development partner. This method facilitates a controlled but constructive dialogue process between bidders and the Council to allow the best solution to evolve. Using the competitive dialogue process the best possible solutions can be explored and ultimately the Council's aspirations can be tested by experienced private sector developers.
- 3.2 Following the issuing of the Notice in the Official Journal of the European Union (4th October 2013) an Information Memorandum and a Site Summary Report was produced to support the dialogue process and explain the Council's vision for Hoylake. An advert was also placed in the Estates Gazette on two occasions and a press release was issued 7th October 2013. A Pre-Qualification Questionnaire (PQQ) was issued. From the nine responses received, five Bidders were invited to participate in Competitive Dialogue with the Council.

The Invitation to Participate in Dialogue (ITPD) was issued and commenced with structured workshops over two days 16th & 17th December 2013 which included an escorted site visit. The Council used the sessions to set out the vision for the golf resort as a concept highlighting the unique opportunities and inviting comments and proposals from experienced developers within the leisure sector. At the outset the Council made it clear that all bids would be evaluated against 4 main criteria that were weighted accordingly;

- Meeting the Council's Vision - 20%
- Deliverability - 35%
- Commercial Viability - 30%
- Commercial Terms - 15%

- 3.3 All of the criteria were important but the ability to deliver the Council's aspirations was paramount. All five bidders actively engaged in the process which proved to Officers that the vision was not merely aspirational but that serious and creditable figures

within the industry shared and embraced the Council's vision for a golf resort in Hoylake. Structured formal dialogue continued over the intervening months until the point where the Council decided there was sufficient clarification to enable the bid proposals to be evaluated and scored. During this period of structured formal dialogue one bidder decided to withdraw from the process (16th January 2014) after clarification of Council policy. A second round of ITPD sessions were held on 20th & 27th January 2014 for clarification purposes and a deadline for ITPD submissions was set as 20th February 2014. Four submissions were received and evaluated. A bid score moderation meeting was held on 21st March 2014 and two were shortlisted to progress to the next stage of the competition and remain in dialogue with the Council. On 15th April 2014 they were both issued with an Invitation to Continue in Dialogue (ITCD) after passing further Gateway criteria. Effectively the bidders entered into phase two of the dialogue process which enabled for more detailed and specific discussions with each of the bidders and further consideration of the proposals and options. The process allowed Officers and the advisory team to use the competitive element of the dialogue to drive up scheme value. One of the last two bidders subsequently decided to withdraw their bid (21st May 2014).

- 3.4 The remaining bidder in the process was and remains the Nicklaus Joint Venture Group (NJVG). The NJVG were informed that they were the sole remaining bidder but that formally the dialogue process remained open in order to optimise the final bid received by the Council. In January 2015 the NJVG was issued with a notice signalling the closure of the Technical and Commercial Viability dialogue and requested submission of the Draft Final Tender on these two areas. This Final Tender has been evaluated by the Council supported by the Advisory Team moderated and with regards to the technical and commercial viability aspects, the bid has deemed to have met and exceeded the evaluation criteria. The legal aspects of the bid, including the Development Agreement, are dealt with further in the exempt part of this report (Appendix One). Legal advice was provided by Pinsent Mason and also by Queen's Counsel.
- 3.5 Subject to Members approval to this report and the signing of the project Development Agreement the Council can proceed to close dialogue and come out of the formal procurement phase. This action will enable preparations to be made for public consultation and further development of the scheme leading towards the commencement of various technical studies and impact assessments necessary for the submission of a planning application. Further reports will be brought to Members at every key stage as the project moves forward.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The scheme as proposed by the NJVG was the outcome of a competitive procurement process that through extensive and structured dialogue whittled down alternative solutions to the preferred one presented to Members in this report.

5.0 CONSULTATION

- 5.1 The principle of a new golf resort at Hoylake has been discussed with key stakeholders including Royal Liverpool Golf Club and the Royal & Ancient Golf Club. The public have been informed via local constituency meetings and by the local press however this engagement has been limited and lacking in detail as the Council have

been fully engaged with the closed formal procurement process. As referred to above statutory public consultation will form an important part of the process of seeking planning permission. Prior to undertaking consultation as part of the planning process the Council will undertake a separate extensive public consultation exercise designed to seek comments and capture local opinion. This project is consistent with the principles of Wirral Council's Investment Strategy which provides the framework for economic development activity across the Borough.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS.

7.1 None directly arising from this report.

8.0 RESOURCE IMPLICATIONS, FINANCIAL, IT, STAFFING AND ASSETS

8.1 Future specialist consultancy support for the Council will be resourced by the NJVG as part of the agreement with the Council. Previously approved budgets have been expended. Other financial, staffing and asset implications are dealt with within the exempt paper appended to this report.

9.0 LEGAL IMPLICATIONS

9.1 The views of Queen's Counsel have been obtained to ascertain whether the Council can use its General Power of Competence (GPOC) pursuant to section 1 Local Government Act 2011 to provide the proposed financial arrangements discussed in the exempt appendix. Legal opinion was also sought with regard to potential State Aid issues arising in respect of the scheme details. On both issues the legal opinion was positive; the Council can proceed and there are no State Aid issues arising.

9.2 Throughout the procurement phase of the project legal advice has been provided by Pinsent Masons to ensure compliance with OJEU procedures. Pinsent Masons also drafted the Lock Out and Confidentiality Agreements with land owners and in moving Council tenants onto more flexible Farm Business Tenancies.

10.0 EQUALITY IMPLICATIONS

10.1 The potential impact has been reviewed with regard to equality and links to the existing EIA conducted for Wirral's Investment Strategy. <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>.

10.2 The commissioning of a bespoke Equality Impact Assessment will be considered.

11.0 CARBON REDUCTION IMPLICATIONS

- 11.1 There are no carbon reduction implications arising directly out of this report although sustainable design principles will be deployed to maximise positive environmental impacts. Future reports will provide more detail with regard to this issue particularly when a full Environmental Impact Assessment has been prepared.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 12.1 The facilities associated with the proposed Golf Resort would be located within the Green Belt (subject to Policy GB2 of the Council's adopted Unitary Development Plan), and within an Area Requiring Landscape Renewal (Policy LAN1, Policy LA3 and Proposal LA4 refer).
- 12.2 The National Planning Policy Framework (NPPF) will be an important material consideration alongside the emerging Core Strategy Local Plan. The Proposed Submission Draft Core Strategy Local Plan for Wirral was published in December 2012 and seeks to preserve and enhance the openness and rural character of the Rural Area, subject to national Green Belt controls. The final Core Strategy is expected to be published later in 2015 before being submitted to the Secretary of State for public examination. The Hoylake Community Planning Forum is in the process of preparing their draft Neighbourhood Development Plan for submission to the Council later in 2015, which is likely to include proposals to develop a masterplan around the Carr Lane area.
- 12.3 While a golf course could potentially be consistent with Green Belt policy set out in the NPPF and the UDP, any new built facilities associated with the Golf Resort would, in all likelihood, be classed as 'inappropriate development', which is by definition, considered harmful to the Green Belt and should not be approved, except in very special circumstances. Very special circumstances will not exist unless the potential harm to the Green Belt, by reason of inappropriateness and any other harm, is clearly outweighed by other considerations. The intention to approve inappropriate development must be referred to the Secretary of State before planning permission can be granted. Any planning application for the golf resort project would also need to be supported by a range of other assessments including:
- Environmental Impact Assessment (subject to screening)
 - Traffic Impact Assessment/Transport Assessment
 - Flood Risk Assessment
 - Habitats Regulations Assessment (subject to screening)
 - A Design and Access Statement
 - A Planning and Regeneration Statement

13.0 RECOMMENDATIONS

- 13.1 That Members agree to appoint the Nicklaus Joint Venture Group as the Council's preferred development partner and that upon serving the necessary notices and standstill period to formally close the Competitive Dialogue process.
- 13.2 Members agree to the principles set out in this report and approve further discussions as detailed in the exempt appendix.

14.0 REASON FOR RECOMMENDATIONS

- 14.1 To facilitate the announcement of the preferred development partner and to allow the Hoylake Golf Resort project to move into the post procurement phase.

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