

Medway Council
Regeneration, Culture and Transformation Dept.
Gun Wharf
Dock Road
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Kent
ME4 4TR

Parish Councillor George
Crozer

2nd March 2018

Dear Tomasz Kozlowski

Save Deangate Ridge Petition and letters to Cabinet Dated 04/02/18 and 12/02/18 – Medway Council response

Thank you for your letter dated 23rd February 2018 which was received on 26th February 2018 and subsequently circulated to Joanne Shorter and other signatories of the Save Deangate Ridge Petition.

This letter is a response from all parties who represent the Save Deangate Ridge Campaign.

I must begin by stating how frustrated we are that the letter of response issued on the 23rd February 2018 and the Cabinet responses to date clearly demonstrate that Medway Council are yet to grasp or understand the nature of our request and concerns. We feel that we have been very clear in all of our correspondence. The petition cover letter and all other letters from Joanne Shorter to the Cabinet clearly state that the request is to 'postpone the decision' to close Deangate Ridge until a compliant report is produced. The Report simply referenced by you as Agenda Item 10, its content and the governance that sits behind it, is the sole focus of our campaign at this time. NOT whether Medway Council may or may not have plans to redevelop the site in the future.

The content of your letter in no way makes the governance and content of the Agenda Item 10 Report compliant – unless Medway Cabinet have instructed the appropriate qualified officers to update the report using the information contained in your letter and appendices, to carryout a full financial analysis of all options, to consider other business models or options and to re-issue and evaluate the updated NEW COMPLIANT REPORT at another Cabinet meeting. As you have not informed us that this will be your next step, your letter is a totally Inadequate response.

The remainder of this letter will follow the format of your response.

Decision to close Deangate Ridge Golf Course

Your letter states that the provision of leisure services by Medway Council is non-statutory. At no time have we asked that the Council continue to run Deangate Ridge in its existing capacity at a financial loss to the People of Medway. Our letters clearly state that no evidence has been provided to show that other business models have been investigated as options to take away the financial burden for the Council. The Agenda Item 10 Report has two options – run at a loss, or close. This is simply not a compliant or acceptable level of analysis when the preferred option removes such a valued asset from the community – note that this decision contravenes the Sport England's Playing Fields Policy and section 16 of your own draft local plan. Surely such a high profile and contentious decision warranted a

fully compliant investigation with options to save the community sports facilities as highest priority?

The Closure of Deangate Ridge Golf Course has been reported as being purely financially driven by Medway Council – in simple terms they no longer wish to assign funds to the Golf Complex.

Medway Council allowed the Club to run at a loss for 7 years. There is no evidence provided in the letter response or appendices that demonstrates a structured and financially viable marketing campaign was implemented.

There has been a systemic failure to present the core product, the Golf Course, to the key pay and play customers who provide 75% of the turnover to the standard advertised on the councils own Deangate Ridge website.

The evidence offered of considerable efforts to improve the financial performance of the Golf Complex is in fact an indictment of disastrous waste and miss-direction of efforts and recourses on a poorly conceived and poorly executed set of initiatives. We can provide evidence to substantiate these assertions in due course, example below. Appendix1

The information provided in your response relating to Marketing is NOT acceptable. No other business models were considered. There is no evidence of advertising the facilities at Deangate for any other purposes – weddings, parties, meetings etc. to generate income. There were no social events planned such as dinner dances, balls or similar – these are all things that most golf courses offer to increase income. The number of events planned per annum was too few to generate the income required. The only national advertising was for the Meangate and Ultra events. A few isolated events would never have generated enough income to cover a £200k per annum loss.

There was no financial assessment against the campaigns therefore no way of assessing success per annum other than basic accounting. When 2014 still ran at a loss, the 2015 campaign should have considered other options and models – not regurgitate the same as 2014. When 2014, 2015 and 2016 ran at a loss – ALL ALARM BELLS should have sounded to the effect of ‘our marketing campaign isn’t working – we need a re-think’. This did not happen therefore the failure lies solely at the feet of whoever was approving and signing off the marketing campaigns.

Golf in decline

Deangate is a Municipal Golf Course – a Community facility. To compare Deangate to other golf courses that have closed, an assessment of what lead to these closures would be required – was the land earmarked for development?, was the complex used for any other purposes? (alternative business models), what other facilities were at the course? etc. etc. Just because they were golf courses does not mean that they were like for like.

England Golf is the National Governing Body yet Medway Council chose not to liaise with them as part of the Agenda Item 10 study. The Council based the statement in the report relating to ‘decline’ purely on media publications and no further investigation into why these clubs were closed. Are these media outlets audited for accuracy? Any statistical expert will tell you that un-validated reporting is nothing more than speculative. It seems strange that the Council did not feel that advice from the Governing Body should be sought.

England Golf have informed us that the usual process for closure of a Golf Club is that Sport England are consulted on the proposed closure first and asked for their feedback. As part of this, they will then seek England Golfs views/ comments, as the National Governing Body.

England Golf are against losing any golf facility and they would expect there to be evidence of a thorough investigation/ report into the viability and local provision prior to any closure being agreed.

Why did the Council not liaise with Sport England and England Golf (as the governing body) and instead rely solely on media reports (which can be biased, speculative and factually incorrect) in their Agenda Item 10 Report?

Further more, why did the Council not seek advice from England Golf as part of their marketing campaigns from 2010 – 2017? We have it on good authority that approximately 2 years ago England Golf attended a meeting at the Golf Club and entered into healthy and positive discussions with Golf Club staff. After the meeting England Golf were never contacted by Medway Council staff again and none of their advice acted upon. England Golf had they been appropriately consulted would have been best qualified to work with the Council to look at options to improve the finances of Deangate Ridge yet the Council chose not to contact them or use there extensive and free services.

Efforts to Increase Revenue

Whilst we have covered the impact of the poorly thought out and financially modelled Marketing Campaigns, we must also consider that Deangate Ridge is MORE than just a Golf Course.

Yes, Deangate Ridge is a Golf Club – but it is a Municipal club and therefore all options possible in terms of providing offerings for ALL of the community should have been considered in the Agenda Item 10 Report and as part of the Marketing Campaigns but weren't.

Furthermore the existing facilities such as bar and food offerings were NEVER advertised to the wider community, most of whom wrongly assumed that only members or golfers could use them.

Many golf clubs rely substantially on renting their ancillary facilities for functions, business conferences, weddings and similar yet the Council at no time, even when running at a loss for 7 years implemented any such actions. Many examples of how other clubs successfully apply these marketing approaches can be found within a 50 mile radius of Deangate.

The most critical avenue to be investigated by the Medway Council Auditors is that **just because the Golf Club is a public funded entity, why was it not managed with private sector commercial acumen? Medway Council have failed to professionally manage this valuable community asset and have therefore failed in their duty to monitor and manage government finances.**

Business Case and Consideration of alternative business models

The response given in your letter is completely unacceptable. The letter refers to a potential larger sports facility peninsula. As stated in the letter to Cabinet dated 4th February and the second letter dated 12th February, this new sports facility proposal is purely speculative and should have in no way influenced the decision to close Deangate Ridge.

Your letter states that '*a balance had to be struck between providing ongoing subsidy to the golf course, while alternative business models were explored with no guarantee they would generate the required improvement in income revenue streams et al*' is deplorable. Medway Council have had 7 years to explore options. In particular, when the Marketing Campaigns

over the past 4 years were failing, the Council had a DUTY to explore these other options and models yet chose not to do so.

WE ASK THAT THE DECISION BE POSTPONED TO ALLOW FOR A FULL COMPLIANT ANALYSIS. THESE AS A MAXIMUM WILL ONLY HAVE A 6-MONTH IMPACT ON THE MEDWAY FINANCES.

Medway Council allowed a 7-year loss to continue – the signatories of the petition cannot and will not accept that another 6 months whilst other financing options are explored would be the ‘break point’ for the Cabinet annual finances. Regardless of any of the content in the Council response, they have not met their constitutional obligations to produce a governance lead report.

May I again refer to the Legal case of *R (Joicey) v Northumberland CC 35. R (Joicey) v Northumberland CC [2014] EWHC 3657*. This case concerned the effect of breaches of Requirements to publish information in advance of meetings at which decisions are made, and the effect of such breaches.

We are simply asking that Medway Council do their job properly – if the outcome is the same – Close Deangate – then the public will have to accept this – but only because all other options were exhausted and unsuccessful.

On-going development and Maintenance of the site

This campaign relates to the NON COMPLIANT AGENDA ITEM 10 REPORT. The financial modelling in the report is not HMRC or CIPFA compliant. It is a basic profit and loss account making it biased. There is no substance behind the figures. We are awaiting a response from our FOI request to fully offer a response to this item, but regardless of the information we receive, it is the responsibility of the Author of the Agenda Item 10 Report to ensure that all financial information is included.

We do not agree that the marketing campaign would have garnered the increased income that the letter refers to as it was an inadequate, unprofessional approach which was not costed appropriately for the Council to carryout Post Project Evaluation assessments at the end of each financial year. It also failed to consider ANY other business models.

Impact on Capital Works on Income Generation

We dispute the letter response completely. ANY CONSTRUCTION PROJECT will have lead to an operational impact on the Golf Club. This information should have been included as part of the Agenda Item 10 Report. Any correlation should have been reported between periods of works and any loss of income generation. Any Business Cases relating to the Capital works should have been reviewed against the Post Project Evaluations and any forecasted income that was part of the business case financial modelling assessed and projected as part of the Deangate Income 2017 onwards. None of this is included as appendices to the report and no referral made.

Consultation on closure of Golf Course

Yet again we have to make the Council aware of its own Constitution:

- *Core Principle B: B1 Openness as evidence of a failure to carry out due diligence and lack of adherence to Corporate Governance:*
- *Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and*

considerations used. In due course, ensuring that the impact and consequences of these decisions are clear.

- *Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.*

Core Principle B3: Engaging with Individual Citizens and Service Users effectively clearly outlines the requirements in its entirety for engagement of Key Stakeholders. Medway Council HAVE NOT on any occasion consulted with the public with regards to Deangate Ridge.

Part 4 of Leader and Cabinet Rules – 2.3 Consultation also clearly states that “all reports to the Cabinet from any member of the Cabinet or an employee on proposals relating to the budget and policy framework, must contain details of the nature and extent of consultation with stakeholders and relevant overview and scrutiny committees, and the outcome of that consultation”.

As the public are one of the ‘Key Stakeholders’, the lack of consultation and engagement is a clear breach of the Councils *Code of Corporate Governance* and the *Councils Constitution for Leader and Cabinet Rules*.

What grounds for urgency lead to the Council and Cabinet to decide that NO CONSULTATION would be carried out even though the public and press had alerted them to the EXTREMELY high level of public interest? Regardless of whether consultation is non-mandatory, who made the decision to disregard the public who voted Cabinet into office?

Further development of the site

We find it insulting and disrespectful that yet again Medway Council feel the need to discuss any future plans for the site implying that this is the basis of our campaign. Our request is for a Compliant Report so that Cabinet can make a compliant, fair, just and unbiased decision about whether or not to close Deangate Ridge Golf Club. We have not asked about what will happen if closure goes ahead.

Transparency and access to information

See above – Business Case and Other models for consideration.

Sections 100A-E of the Local Government Act 1972 provide for rights to access to local authority meetings. Section 100B provides for access to agendas and reports. Section 100D provides for access to background papers. All such documents must be “open to inspection by members of the public at the offices of the council” at least five clear days before the meeting. The 5 days time limit is only applicable for extenuating situations:

‘It is noted that the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 requires 28 clear days’ notice of the intention to make a key decision.’

Medway Council gave the following reason for only 5 days notice:

On this occasion it has not been possible to provide this 28 clear days’ notice and therefore Section 10 (General Exception) of the above regulations have been complied with. It was not possible to include this report on the Forward Plan with 28 days’ notice because the proposals regarding the future of the golf course had not been finalised at the time of the publication of the Forward Plan.

Why was this seen as urgent by Medway Council? – What would the impact of the 28 days have on the Council other than one months Revenue? Obviously Financial Year end would have been a driver but the Council will still be allocating revenue funds for securing the site following closure so the impact of 28 days would have been minimal. The Council was very aware of the public interest yet still chose to move forward at 5 days notice.

This is completely unacceptable and we deem this as an abuse of the General Exception clause and abuse of Cabinet power.

Conclusion

The content of your letter in no way makes the governance and content of the Agenda Item 10 Report compliant and therefore based on the reasons given in the content of this letter and the letters dated 4th and 12th February, the signatories of the Save Deangate Ridge Petition have no choice but to request a referral to the appropriate community.

We do not feel it would be appropriate for any persons that approved the final non compliant report to be at the Overview and Scrutiny committee meeting of the 12th March in a decision making capacity.

We also believe that this is a major failing of the Medway Cabinet – to make a decision based on a non-compliant report. They were duly notified of the breaches yet chose to dismiss and ignore this information

We await your advice with regards to the next steps.

Your sincerely

Cllr George Crozer and Joanne Shorter
On behalf of the signatories of the Save Deangate Ridge Petition.

Appendix 1

The Petition response states “*extensive efforts increase revenue at Deangate Ridge in recent years*” and “*alongside the proposal to increase revenue a marketing plan was developed by the Council’s marketing and communications team*”.

Evidence provided does not support this assertion, merely the intervention of an events promotion team with a budget to spend.

However the Meangate variants have achieved brand status and have shown what diversification can offer to increase turnover. Having absorbed set up costs future events were expected to provide a surplus. Other promising ideas were ruined by poor execution e.g. pricing targeting or wrong choice of promotional channels. Unfortunately throughout this period the Council have allowed the cosmetic quality of the **core product**, the golf course, to drop. This while attention was being given to diversification **core customers** were being driven away. The inherent quality of the location and layout being insufficient to retain them; This is the **NORSE EFFECT**.

A convincing revitalisation effort would be evidenced by the use of basic tools like the Existing /New products / Customer grid. This supports the development of a portfolio of product offerings targeted at particular customer groups. Each current and potential **Product** has a market assessed **Pricing** and a **Promotions** scheme detailing target demographics, channels and message.

Medway Council has spurned the opportunity to do this in the last seven years. They could have involved key stakeholders like golfer, local communities and England Golf. This national governing body has been offering tailored development and market support services free of charge to affiliated clubs for years.

These were detailed to Medway Council 2 years ago by a Club Support Officer but the Council declined to use any of these services.

The product/customer grid concept is illustrated below. The product planning is reviewed on an annual cycle to incorporate success/ failure lessons from the previous year and to take account of changes in market conditions and internal strengths and weaknesses.

| | | | |
|-----------------|------------------|--|--|
| PRODUCTS | NEW | | Meangate Weddings Foot golf Etc |
| | EXISTING | Driving Range Foot golf Golf Academy 9 hole Main course 9 hole main course 18 hole Season ticket access Internal competitions Open competitions Catering Bar Functions | |
| | | EXISTING | NEW |
| | CUSTOMERS | | |