

Report to Accountability Board	Forward Plan reference number: N/A
Date of Accountability Board Meeting:	22/09/17
Date of report:	12/09/17
Title of report: Open Golf 2020 – Royal St George’s Golf Course, Sandwich Rail Infrastructure Project	
Report by: Stephanie Holt, Head of Countryside, Leisure and Sport, Kent County Council	
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1. Purpose of report

- 1.1 To provide an update to the SELEP Accountability Board (the Board) on the development of the Open Golf 2020 infrastructure project (the Project).

2. Recommendations

- 2.1 The Board is asked to:

- 2.1.1 **Note** the intention for Kent County Council (KCC) to bring forward a Business Case through the SELEP Independent Technical Evaluator (ITE) review process for the potential allocation of £1,025,745 LGF to the Open Golf Rail Infrastructure Project, subject to the Business Case completing the ITE review process and the identification of an appropriate funding stream.
- 2.1.2 **Note** the change to the Project’s total cost estimate since January 2017; and
- 2.1.3 **Note** the intention for the Permanent Solution to be taken forward as the preferred option of the Board on the 17th November for a funding decision, subject to the Project Business Case completing the ITE review process and identification of an appropriate funding source.

3. Background

- 3.1 On the 20th January 2017, the Board were made aware of KCC, East Kent District Councils and The Royal and Ancient (R&A) Golf Club’s intention to provide financial contributions towards the delivery of temporary rail infrastructure at Sandwich Railway Station to support transport infrastructure to secure and enable The Open Golf 2020 event at Sandwich, Kent.
- 3.2 The Board was asked to approve the submission of a letter in support of the project to The R&A. This letter set out the SELEP willingness to explore the

possibility of funding the project shortfall in recognition of the significant economic benefits to the local economy. The Board noted that a formal commitment could not be entered into until the Independent Technical Evaluator had assessed the business case, and a funding stream had been identified and confirmed.

- 3.3 The Board noted the proposal that the funding be managed within the Kent and Medway programme, and further discussion at a future Board would be required on which funding stream could be utilised.
- 3.4 The Project Business Case is currently being developed by KCC and is due to be submitted to SELEP for ITE review at the end of September for a funding decision to be taken on the 17th November 2017.
- 3.5 The Project is not currently included in SELEP's Growth Deal programme and there is no existing LGF allocation to the Project.

4. The Open Golf 2020 – Royal St George's Golf Course Sandwich (The Open) Rail Infrastructure Project

- 4.1 The Open is a prestigious sporting event that independent research demonstrates brings significant economic benefits to the area in which the event is held, due to the global profile it provides the area and the resulting interest from international business and spectators.
- 4.2 The Open is the oldest of the four major international championships in professional golf. This event is administered by The R&A Golf Club and is the only 'major' outside the United States. It is a 72-hole tournament held annually at one of nine designated links golf courses across the UK.
- 4.3 Following negotiation between KCC, Dover District Council and The R&A, and thanks to the financial letters of support from the Councils and SELEP, The Open will be returning to Royal St George's Golf Club in Sandwich for the fifteenth time in 2020. There is an agreement in principle that The Open will return on a further two occasions after 2020, no more than eight years apart each time.
- 4.4 The last time Kent hosted The Open in 2011, it generated a £77m benefit to the Kent economy, of which £24.14m was direct additional spend. The event is forecast to grow from 180,000 spectators in 2011 to at least 200,000 spectators for 2020 (the venue hosting the 2017 Open exceeded this figure, and its capacity is smaller than Royal St George's).
- 4.5 Royal St George's will be able to accommodate an even higher number of visitors in future years beyond 2020, owing to the layout of the course and its

capacity to 'absorb' greater numbers of spectators. That economic impact is therefore forecast to grow. In 2020, the economic impact is forecast to be in excess of £85m, of which at least £26.8m is forecast to be direct additional spend.

- 4.6 However, critical transport improvements are required at Sandwich Station to enable the expected number of spectators to access the Royal St George's Golf Course when The Open is underway. Without these transport improvements, The R&A have confirmed that Kent will not be invited to host The Open at all, and the area will lose the resultant economic impact.

5. Project Cost and Funding Proposal - Temporary Solution

- 5.1 In January 2017, the Board were made aware of a proposed temporary infrastructure solution at Sandwich Railway Station, with a proposed SELEP funding contribution of £300,000 LGF towards the cost of the temporary infrastructure.
- 5.2 Since then, further detailed examination of the required engineering has identified that in addition to the cost of delivery of a temporary measure for the 2020 event, there would be a further cost of £909,000 each time the infrastructure was re-established for the second and third returns. This is at 2017/18 prices, and it can reasonably be expected that this cost would in fact be greater each time as a result of inflation.
- 5.3 If the temporary solution is taken forward a detailed cost estimate has identified a funding shortfall. The LGF ask from SELEP for the temporary solution would increase from £300,000 to £750,693, to enable the Project to be delivered. Increased contributions from The R&A are similarly sought.
- 5.4 The proposed funding breakdown for a temporary solution is set out in Table 1 below.

Table 1 Funding Profile – Temporary Solution

Partner	Proposed Funding Contribution
Kent County Council	£250, 000
Five East Kent Councils	£100,000
SELEP LGF	£750, 693^
Royal and Ancient	£421, 542
Department for Transport	£819, 665*
Total	£2, 341, 900

*Department for Transport assurance of funding has been orally confirmed, subject to business case

^Subject to the Project Business Case completing the SELEP ITE review process, approval by SELEP Accountability Board to transfer LGF to this project

6. Project Cost and Funding Profile - Permanent Solution

- 6.1 As a result of identifying the scale of the re-establishment costs of this project, all partners to the Project have been looking at a permanent infrastructure option, and this is now the stated preferred option of the Department for Transport (DfT), Department for Digital, Culture, Media and Sport (DCMS), KMEP, KCC, R & A, Dover District Council, and Royal St George's Golf Club as it provides better value long term and negates the extra re-establishment costs of £909,000 (at 17/18 prices) each time The Open returns to Sandwich.
- 6.2 The Permanent Solution provides for the platform extensions and a second permanent over-footbridge to be installed, meaning that the event can return in the future without any uncertainty around the rail infrastructure needed to support the event each time. In addition, the investment in Sandwich Railway Station becomes more cost effective at the time of the second return of The Open.
- 6.3 The partners have all considered the increase in the initial cost of the Project and the initial funding profile set out in Table 2 below sets out the proposed funding profile for the Permanent Solution.

Table 2 Funding Profile – Permanent Solution

Partner	Proposed Funding Contribution (not confirmed)	Percentage contribution
Kent County Council	£250,000	6%
East Kent District Councils	£100,000	2%
SELEP LGF	£1,025, 745	24%
Royal and Ancient	£1,418,735	33%
Department for Transport	£1, 504, 720	35%
TOTAL	£4, 299, 200	

7. KMEP Board Meeting

- 7.1 On 7th September 2017, the Kent and Medway Economic Partnership (the local federated SELEP board) met to discuss The Open funding situation.
- 7.2 There was a unanimous vote by all those present that the permanent solution, rather than temporary solution, be put to the SELEP Accountability Board for consideration and their decision, as upon the second return, the permanent option becomes more cost efficient.
- 7.3 All KMEP Board Members were also asked to consider which LGF funding streams could be considered as a source of funding for this Project. The agreement of the KMEP Board was secured to consider using the anticipated underspend from the Ashford International Rail Connectivity project ("Ashford

Spurs”) towards funding the Sandwich Rail Improvements. This will be presented for consideration to the SELEP Accountability Board in November.

8. SELEP LGF Funding Contribution

- 8.1 Based on the delivery of the Project Permanent Solution, a £1,025,745 LGF allocation will be sought to enable the completion of the Project. The Project will submit a Business Case which will go through the SELEP ITE process. The funding decision is expected to be considered by the Board on the 17th November 2017.
- 8.2 The Project is not part of the LGF programme and therefore there is no funding allocated. Accordingly, following KMEP Board’s agreement to use the anticipated underspend from the Ashford Spurs Project, the Board will be asked in November to include it within the programme of works and the report will clearly identify where the funding will be identified from.

9. Financial Implications (Accountable Body Comments)

- 9.1 In advance of any funding decision to award £1,025,745 of Local Growth Funding (LGF) to this project, it will need to added to the SELEP Growth Deal Programme and the respective funding streams identified and confirmed in the Business case. This will include ensuring that the required approvals to reallocate LGF from another project within the KMEP LGF programme are in place and formal confirmation by Government of their intended contribution including any restrictions or conditions that may be applied.
- 9.2 All decisions to award LGF funding must be supported by a Business Case, in line with SELEP’s Assurance Framework and which has been assessed through the Independent Technical Evaluation (ITE) process to ensure that the project demonstrates Value for Money.
- 9.3 Following the completion of the ITE review of the Business Case, the funding decision can be considered at a future Accountability Board meeting, currently planned for November 2017.

10. Legal Implications (Accountable Body Comments)

- 10.1 The Board is asked to note the proposal from the Kent and Medway Economic Partnership that the permanent, not temporary solution, be supported by the Board. In addition, the Board is asked to note KCC and its partners’ intention for the future management and funding of this Project. It will note that the initial proposal presented in January has changed which has resulted in a significant increase in the funding to be sought from LGF. In November 2017, the Board will be presented with a decision paper in which full details of the Project and its funding profile will be identified. Through the Capital Programme the Board will also be presented with full details of any underspend within KMEP’s profile, including any associated risks to the

underspend, and approval will be sought at that time for its reallocation to this Project. Such underspend must be identified and approved by the Board before approval for its reallocation can be obtained.

11. Staffing and other resource implications (Accountable Body Comments)

11.1 *None*

12. Equality and Diversity implications (Accountable Body Comments)

- 12.1 Section 149 of the Equality Act 2010 creates the public sector equality duty which requires that when a public sector body makes decisions it must have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 12.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation.
- 12.3 In the course of the development of the project business case, the delivery of the Project and their ongoing commitment to equality and diversity, the promoting local authority will ensure that any equality implications are considered as part of their decision making process and where possible identify mitigating factors where an impact against any of the protected characteristics has been identified.
- 12.4 An equality impact assessment will be undertaken once a decision is taken on whether it is temporary or permanent infrastructure

13. List of Appendices

13.1 *None*

14. List of Background Papers

- 14.1 SELEP Accountability Board paper, 20/01/17
- 14.2 Letter from Christian Brodie to Royal and Ancient, 30/01/17

(Any request for any background papers listed here should be made to the person named at the front of the report who will be able to help with any enquiries)

Role	Date
Accountable Body sign off Lorna Norris (On behalf of Margaret Lee)	 13/09/2017