

- (2) Delegate authority to the Client Manager - Property to:
- (a) grant lease(s) of the property on negotiated terms and for a duration commensurate with the terms of the service contract; and
 - (b) deal with any ancillary matters arising from the above recommendation.

1.3 Forward Plan:

28 days' notice of this report has been given and it first appeared on the Forward Plan that was published on 10 October 2012.

1.4 Council Plan and Policy Framework

This report relates to the Theme B in the Change, Efficiency and Improvement programme 2012/13.

This priority has been progressed by Cabinet agreeing the Change, Efficiency and Improvement Programme (CEI) which, under Theme 1, "Delivering service reform and rationalisation" refers to "service delivery models for sport, leisure and art services being appraised" (now incorporated within Theme B of the CEI Programme).

1.5 Information:

- 1.5.1 The proposed procurement exercise is to seek alternative management and development arrangements for St Mary's Lighthouse and Visitor Centre.
- 1.5.2 The proposal to explore alternative management options was agreed as part of the Council's Council Plan and Budget Setting Process for 2012/13. Consideration had previously been given to alternative management in public consultation meetings around the Community Trust proposals.
- 1.5.3 Current experience at the venue Wallsend Hall, for example, suggests that arrangements for alternative management by a third party can be a successful route to service improvement and greater investment. In pursuing this option with St Mary's Lighthouse an equally positive outcome is anticipated.
- 1.5.4 In wider terms, partnership is critical to the development of key heritage assets in the Borough. The restoration of Tynemouth Station is a recent example of how such partnership work across the private, public and voluntary sector has resulted in the reinvigoration of a major heritage asset.
- 1.5.5 St Mary's Lighthouse and Visitor Centre is an iconic building on the North Tyneside coastline that forms a key part of the borough's tourism offer. The venue offers a unique view of the coastline for those that ascend the 137 steps to the top of the lighthouse tower (14,000 persons in 2011/12). The site attracts a footfall of up to 80,000 visitors annually. During the year April 2011 to March 2012 the service delivered a programme of over 30 events and activities at the Lighthouse/Visitor Centre.
- 1.5.6 In the same period the team also delivered a range of educational activities to 4,500 children engaged in learning outside the classroom, including the history and heritage of the Lighthouse and island, natural history and environmental awareness.

- 1.5.7 The venue hosts a range of bespoke children's parties each year. The venue is licensed for weddings and civil ceremonies and has been growing in popularity, only limited by tidal access.
- 1.5.8 The Council's tender specification will promote the need to deliver a strong attraction offer and an educational offer as part of any alternative management and development arrangements.
- 1.5.9 The tender documentation will detail specific objectives on behalf of the Council to maintain St Mary's Lighthouse and Visitor Centre as a tourist attraction, community venue and educational service. The respective Ward Members will continue to be regularly briefed on the proposals as they are taken forward.
- 1.5.10 Subject to obtaining Cabinet approval, the appointment of a partner to manage St Mary's Lighthouse and Visitor Centre will deliver value for money. The procurement process will be undertaken in compliance with the requirements of relevant procurement legislation and the Council's Contract Standing Orders.
- 1.5.11 If approval is given to proceed with the procurement exercise, expressions of interest will be sought from organisations to manage and develop the Lighthouse and Visitor Centre. The duration of the contract and lease terms will be negotiated, but it is anticipated that these will be subject to a 5 year minimum term.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendation to proceed with the procurement process to seek a provider for the alternative management and development of St Mary's Lighthouse and Visitor Centre.

Option 2

Cabinet may not approve the recommendation.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

St Mary's Lighthouse and Visitor Centre is a valued and successful visitor attraction for the borough. However there is a need to expand and develop the service to increase footfall and the coastal tourist offer. The site is in need of investment and modernisation to ensure it can deliver the best customer and educational experience.

An alternative provider may be eligible to apply for funding the Council is not eligible for, and/or to achieve savings such as business rates relief, and therefore could potentially run the Lighthouse and Visitor Centre more cost-effectively than the Council is able to.

Alternative management of St Mary's Lighthouse and Visitor Centre is anticipated to realise £50,000 of savings in 2013/14 in line with the Council's Change, Efficiency and Improvement programme target. If management of the Lighthouse and Visitor Centre remains with the Council, these savings would need to be realised in a different way.

1.8 Appendices

None.

1.9 Contact officers:

Paul Gowans, Head of Cultural Services, tel. (0191) 643 7401
Steve Bishop, Senior Manager Arts Tourism and Heritage, tel. (0191) 643 7410
Chris Bishop, Heritage and Museums Manager, tel. (0191) 643 7413
Alison Campbell, Financial Business Manager, tel. (0191) 643 7038

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- 2012-2015 Council Strategic Plan
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=533973
- 2012/13 General Fund Revenue Budget, Council Tax Requirement and Council Tax Level,
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=532967&p_subjectCategory=40
- Treasury Management Statement and Annual Investment Strategy for 2012/13,
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=532784&p_subjectCategory=40
- 2012-2022 Capital Plan
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=530454&p_subjectCategory=41

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is anticipated that the contract will be awarded for a period of between 5 and 30 years, subject to negotiation with the successful bidder.

The Council would retain ownership of the buildings, but it is anticipated that the successful provider would (subject to negotiation of terms) be liable for all running costs, including repairs and maintenance, thus potentially removing an annual cost of up to £50,000 from the Council's budget by 2013/14.

2.2 Legal

The value of the contract will exceed the EU procurement threshold for services contracts of £173,934. The contract must therefore be advertised and procured competitively in strict compliance with Directive 2004/18/EC and the Public Contracts Regulations 2006. The procurement process must also comply with the Council's Contract Standing Orders.

As the risk of the contract will be placed with the provider, this arrangement will be deemed to be a service concession. Service concession agreements do not require a full OJEU advertising process to be undertaken; however the Council must still comply with EU Treaty principles of openness, transparency and equal treatment.

Legal advice will be sought when appraising the procurement options. An award will be based on the tender that is most advantageous to the maintenance of the Lighthouse and Visitor Centre based on the criteria to be set out in the tender documents. The successful tenderer will be appointed on the terms and conditions approved by the Head of Legal, Governance and Commercial Services.

When negotiating the terms of the lease the Council must be mindful that disposals of land at an undervalue may be regarded as unlawful state aid. Legal advice will be sought regarding the terms of the lease and any state aid implications arising.

Any alternative delivery model for services may have TUPE and pension implications. The issue of non-property related asset transfer is also being considered within the context of the proposed alternative delivery. Legal advice will be provided with regard to any such implications.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Elected Mayor and the Cabinet Member have been consulted on the proposals. Team meetings were held with staff on 21 November 2012 to inform them of proposals for service changes linked to the 2013/14 budget proposals.

2.3.2 External Consultation/Engagement

Residents have commented on the proposals as part of the corporate engagement process for the Council Plan and Budget Proposals, via Area Forums and online consultation. Information on the proposed changes will be available at the Lighthouse and made known through the existing Friends of St Mary's network.

Ward members have been briefed and are aware of the proposal and timescales. Further consultation with local residents and ward members will take place in January 2013 as part of Cultural Services programme of engagement following the budget discussions.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

An Equality Impact Assessment has been carried out on the proposals for St Mary's Lighthouse and Visitor Centre. No significant impact upon the protected characteristics has been identified in relation to these proposals.

2.6 Risk management

There is a risk that insufficient interest is generated in the alternative management and development of the Lighthouse and Visitor Centre or that a suitable provider cannot be identified. Should this occur the projected savings would need to be realised elsewhere.

Risks to the Council associated with the alternative management arrangements would be addressed in the contract terms agreed with the preferred provider.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

The service will work closely with the Council's Bio-diversity Officer to ensure that wildlife and bio-diversity concerns are protected along our coastline and that any proposed future physical works result in minimal disruption to wildlife and comply with requirements regarding the special status of St Mary's Island and its surrounding environs. Any preferred provider appointed will also be encouraged to consider opportunities for improving the energy efficiency of St Mary's Lighthouse and Visitor Centre.

PART 3 - SIGN OFF

- Chief Executive X
- Strategic Director(s) X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Strategic Manager for Policy and Partnerships X