

North Tyneside Council

Report to Cabinet

8 June 2015

ITEM 7(f)

Spanish City Dome
Procurement

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| Portfolio(s): Elected Mayor | Cabinet Member(s): Mrs Norma Redfearn |
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Report from Service Area: Business and Economic Development
Responsible Officer: Paul Buie – Head of Business and Economic Development **Tel:** 643 6091
Wards affected: Whitley Bay

PART 1

1.1 Purpose:

The purpose of this report is to seek authority from Cabinet to commence a European Union (EU) compliant procurement process to appoint a provider to manage the refurbished Spanish City Dome accommodation on behalf of the Authority. In accordance with Contract Standing Order 8 (4) Cabinet approval is required to commence the procurement. This procurement process is necessary to meet the requirements of the Heritage Lottery Fund and therefore must be completed prior to the submission of the Stage 2 grant application for the restoration of the Spanish City Dome.

1.2 Recommendation(s):

It is recommended that Cabinet:-

1. authorises the Head of Business and Economic Development, in consultation with the Elected Mayor, the Strategic Manager Finance and the Head of Law and Governance to commence an EU compliant procurement process to identify a preferred provider for the management of the refurbished Spanish City Dome on the following basis:
 - a. determine the most appropriate procurement process, including the scoping of the exercise;
 - b. approve the specification, the procurement documentation and ultimate contract terms;
 - c. set the duration of the contract (together with any extensions);
 - d. approve the evaluation criteria; and
 - e. oversee the project procurement; and
2. agrees to receive a future report detailing the outcome of the procurement process, along with the detailed financial implications, with recommendations for the award of the contract.

1.3 Forward plan:

- 1.3.1 It has not been practicable to give twenty eight days notice of this report because a decision of Cabinet is required in order to meet the relevant timescales to submit a Stage 2 Heritage Lottery Bid.
- 1.3.2 An EU compliant procurement process is required. This process is strictly governed in terms of timescales for placing adverts, the dialogue process and the submission of final tenders.
- 1.3.3 The procurement process will be commenced immediately following the Cabinet meeting to ensure the Authority meets the relevant timescales and also the deadline set by Heritage Lottery Fund. Approval is therefore being sought, in accordance with the urgency rules contained in the Constitution, for the matter to be not subject to Call-In.
- 1.3.4 If the matter is not dealt with at this Cabinet meeting it would not be possible to submit the Stage 2 Heritage Lottery Bid. This report seeks authority to commence the procurement process only, a further report will be submitted to Cabinet in November 2015 with the outcome and a recommendation for appointment of a preferred partner.

1.4 Council Plan and Policy Framework

- 1.4.1 This report relates to the following priorities in the 2014/18 Our North Tyneside Plan

Our Places:

Our Places will be places that people like living in and will attract others to either visit or live in.

Work with residents, communities and businesses to regenerate the Borough.

We will do this by:

Working with private sector developers and residents to regenerate the Spanish City Island.

1.5 Information:

- 1.5.1 In order to ensure a sustainable future for the Spanish City Dome, a much loved iconic building, the Authority submitted a Stage 1 Heritage Enterprise Lottery Fund (HELFF) bid. This bid was approved in December 2013. Following discussions with Heritage Lottery advisers a 'Permission to Start' was issued and work began in the summer of 2014 to prepare the level of detail required to submit the Stage 2 bid. The Stage 2 bid must be submitted by 18 November 2015.
- 1.5.2 The Stage 2 bid requires a detailed business case to demonstrate the project is sustainable in the long term, to ensure the HELFF grant is a worthwhile investment. To test the sustainability of the proposed end uses an 'Expression of Interest' marketing exercise was undertaken during August 2014 to gauge the level of interest from potential businesses who would want to operate from the Dome building.
- 1.5.3 The marketing exercise indicated that around 30 local businesses were interested in taking accommodation in the Spanish City Dome. The strongest interest centred on the former shop units fronting the Plaza/Promenade with less interest shown in the larger units at first floor. No interest was shown in the ground floor of the Rotunda, which is currently constrained by numerous columns and has little natural light. The information from this exercise has been used to inform the continuing design process, including a review of whether the first floor in the Rotunda, which was a later insertion, should be removed.

- 1.5.4 Following the marketing exercise, interest has been shown by a number of larger businesses in occupying and/or managing the overall accommodation in the Spanish City Dome on behalf of the Authority. This option has been discussed with the local Heritage Lottery officers who have indicated that they would like the Authority to undertake the necessary procurement exercise to secure such a provider. This would not necessarily negate previous expressions of interest arising from the August 2014 marketing, particularly for the shop units fronting the Plaza/promenade, however, the preferred provider would no doubt wish to market the units and select tenants themselves.
- 1.5.5 As detailed in the recommendations set out above, authority is requested to allow the Head of Business and Economic Development, in consultation with the Elected Mayor, the Strategic Manager of Finance and the Head of Law and Governance, to develop a specification that would be acceptable to the Heritage Lottery Fund. This specification would detail the Authority's requirements and tenders would be sought on this basis.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations contained within this report to pursue an EU compliant procurement exercise to secure a provider for the Spanish City Dome.

Option 2

Cabinet may decide not to approve the recommendation to pursue the EU compliant procurement exercise to secure a provider for the Spanish City Dome. This is likely to increase the risk that the exercise to secure end users for the building will not be resolved in time to meet the requirements of the Heritage Lottery Fund.

To note the recommendation that a further detailed report be brought back to a future Cabinet meeting following completion of the procurement exercise.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Option 1 is the recommended option as this will demonstrate the Authority's clear commitment to deliver the Spanish City Island Regeneration scheme and to secure an improved quality of life for local residents and improved environment for local businesses. It will also help provide certainty that the restoration of Spanish City Dome can proceed in a timely manner, which is essential to ensure the Heritage Lottery Fund grant is not put at risk. Finally, it will provide the Heritage Lottery Fund with the assurance that an established end user will take space in the Spanish City Dome and manage of the completed complex on behalf of the Authority.

1.8 Appendices:

There are no appendices with this report.

Contact officers:

Francis Lowes, Senior Manager - Regeneration, Tel 0191 643 6421
Julie Bews, Regeneration Project Manager, Tel 0191 643 6428
Sarah Heslop, Manager Legal Services Property, Tel 0191 643 5456
Brett Devenish, Senior Property Surveyor – Property, Tel 0191 643 6525
Julie Gullon, Procurement Manager, Tel 0191 6435653
David Anderson, Principal Accountant Commercial Finance, Tel 0191 643 5722
Alison Campbell, Senior Business Partner, Tel 0191 643 7038

1.9 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:

- (1) [Cabinet Report dated 16 August 2005 - Whitley Bay Regeneration](#)
- (2) [Cabinet Report dated 18 April 2006 - Spanish City Island/Whitley Bay Seafront Regeneration](#)
- (3) [Report to Cabinet dated 13 November 2007 - Whitley Bay Regeneration Update](#)
- (4) [Cabinet Report dated 8 March 2010 - Whitley Bay Regeneration Spanish City Development CPO](#)
- (5) [Report to Cabinet 11 October 2010: The Coast Strategic Regeneration Framework](#)
- (6) [Cabinet Report dated 11 April 2011 - Spanish City Development Opportunity](#)
- (7) Cabinet Report dated 11 April 2011 - Spanish City Development Opportunity – Final Bid Evaluation Report (exempt report)
- (8) Cabinet Report dated 12th November 2012 - Coastal Regeneration report including Spanish City Progress and external funding (exempt report)
- (9) [Cabinet report dated 8 July 2013 - Coastal Regeneration Strategy and Spanish City Island Regeneration](#)
- (10) Cabinet report dated 10 March 2014 - Whitley Bay Seafront and Spanish City Island Regeneration Update and Compulsory Purchase Order (exempt report)
- (11) [Cabinet report dated 12 January 2015 - Appointment of Contractor for Spanish City Dome](#)
- (12) Cabinet report dated 12 January 2015 - Spanish City Dome Heritage Lottery Fund (exempt report)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications arising directly from this report. Officer time required to undertake the procurement will be met from within existing resources.

A further report will be brought to Cabinet following the procurement process which will detail the outcome of the process and the detailed financial implications for the Authority for a decision before any additional expenditure is incurred.

The procurement process will identify a preferred partner to manage/run the Spanish City Dome once it is refurbished. The Investment Plan identifies the following expenditure on the refurbishment process:

| Source | 2015/16 £m | 2016/17 £m | 2017/18 £m | TOTAL £m |
|--------------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Council Contribution* | 2.659 | 2.481 | 0.105 | 5.245 |
| Coastal Communities Fund | 2.027 | 1.074 | - | 3.101 |
| Heritage Lottery Fund | 2.003 | 1.470 | - | 3.473 |
| TOTAL | 6.689 | 5.025 | 0.105 | 11.819 |

*Including reprogramming as reported to Cabinet on the 9 March and 8 June 2015

The bid for the Heritage Lottery funding requires that the end user is identified. This means that the procurement needs to be completed before the final bid can be submitted.

2.2 Legal

The procurement exercise is required in accordance with the Authority's Contract Standing Orders. Given the value of the procurement this will be carried out in accordance with the Public Contract Regulations 2015.

A further report will be presented to Cabinet detailing the formal contractual structure proposed by the proposed provider upon completion of the procurement process.

2.3 Consultation/community engagement

- 2.3.1 There have been an extensive number of public engagement events held in relation to the Spanish City Island Regeneration Scheme. The success of this regeneration scheme is seen by the local community to have significant positive benefits for the wider seafront area and adjacent town centre.

The latest plans for the building restoration were displayed as part of the Whitley Bay Master Plan event in the Whitley Bay Customer First Centre in December 2014; they were also displayed in the other Customer First Centres across the borough and were made available on the Authority's website for comment as well.

2.4 Human rights

- 2.4.1 There are no Human Rights issues arising from this report.

2.5 Equalities and diversity

- 2.5.1 Equality and diversity issues have been fully considered and addressed during the development of the project. This scheme will have a significant positive impact upon the quality of life for the residents of this community, will provide an improved environment which will encourage more visitors; support existing businesses and provide accommodation for new businesses and business expansion. Further engagement with the community on the proposals for Spanish City Island and the Dome will include targeting specific sectors to ensure there is full participation.

2.6 Risk management

- 2.6.1 A risk register has been compiled by the Strategic Risk Adviser and is the subject of monthly review by the Whitley Bay Regeneration Project Board.
- 2.6.2 Should Cabinet not approve the recommendations as set out in paragraph 1.2 there is a high risk that the Authority will be unable to complete the proposed Stage 2 Heritage Lottery Fund therefore potentially compromising this essential grant.
- 2.6.3 An EU compliant procurement process is required. This process strictly governs timescales for placing adverts, the dialogue process and the submission of final tenders. Providing the procurement process commenced immediately following the Cabinet meeting the Authority will be able to meet the relevant timescales and also the deadline set by Heritage Lottery Fund.
- 2.6.4 If the matter is not dealt with at this Cabinet meeting it will not be possible to meet the timescales detailed above. This would compromise the Stage 2 Heritage Lottery Bid. It would also leave the Spanish City Dome vulnerable to anti-social behaviour, deterioration in the building fabric and the wider Spanish City Island Regeneration Scheme will be at risk of not proceeding.
- 2.6.5 There will also be an adverse impact upon the number of visitors to this part of Whitley Bay, which would have a negative impact upon local businesses. The Authority will continue to work to manage this risk; however, timely completion of the procurement process is essential to move the regeneration scheme forward.

2.7 Crime and disorder

- 2.7.1 The Dome building has been subject to a number of vandalism attacks which have caused some damage internally. Externally the building is well protected, however, bringing forward the restoration and reuse of the building will have a positive benefit by increasing footfall and natural surveillance in this part of the seafront area.

2.8 Environment and sustainability

- 2.8.1 The regeneration scheme will result in a much improved environment for the local community and businesses, greatly improving this part of Whitley Bay and encouraging people to visit our coastline.
- 2.8.2 The Dome is a grade 2 listed building therefore the use of materials is restricted to protect the heritage value. Discussions will take place with the conservation officers and English Heritage to ensure there is a balance between the protection of the heritage asset and the use of sustainable materials in the restoration works.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy