

CITY OF PLYMOUTH

Subject: Pavilions Future Options
Committee: Cabinet
Date: 29 March 2011
Cabinet Member: Councillor I Bowyer and Councillor Brookshaw
CMT Member: Director of Community Services
Author: Tony Hopwood, Programmes Director
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Ref: 110329_CMT_Cabinet Paper_Part I_V.1.00.doc
Key Decision: No
Part: Part I

Executive Summary:

Cabinet gave approval on 14 December 2010 to undertake a soft market testing exercise through the Official Journal of the Official Journal (OJEU) to understand the appetite for a private sector solution to the delivery of Arena and Ice facilities in the city.

A number of responses were received to the advertisement and these responses have now been reviewed. It is considered that there is a viable and deliverable private sector solution that will enable the re-provision of Arena and Ice facilities and maintain continuity, so far is reasonably practicable, pending their re-provision.

The next logical stage is to progress to the procurement of a private sector development partner through the OJEU. This would commence in May 2011. The outcome will be presented to a future Cabinet meeting.

Corporate Plan 2011-2014 as amended by the four new priorities for the City and Council:

As per earlier Cabinet report (attached)

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

As per earlier Cabinet report (attached)

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.

As per earlier Cabinet report (attached)

Recommendations & Reasons for recommended action:

1. Officers are instructed to progress the procurement of a private sector development partner through the OJEU.
2. To delegate the authority for the management and direction of the Project to the Plymouth Life Centre & Leisure Related Projects Executive Programme Board.
3. The outcome of this exercise will be presented to a future Cabinet meeting for a final decision.

Alternative options considered and reasons for recommended action:

As per earlier Cabinet report (attached)

Background papers:

Cabinet paper: Pavilions Future Options [Part 1] 14 December 2010

Sign off:

Fin	CD R/C oSF LT1 011 003/ 18.0 3.11	Leg	TH0 010	HR	MGI 103/ 002	Corp Prop		IT		Strat Proc	PW C10 .11. 013
Originating SMT Member: Tony Hopwood, Programmes Director											

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CMT Member: Director of Community Services
Author: Tony Hopwood, Programmes Director
Contact: Tel: 07584 407 258
e-mail: tony.hopwood@plymouth.gov.uk

Ref:

Key Decision: No

Part: Part I

Executive Summary:

The aim of this paper is to secure approval to seek expressions of interest in the Pavilions site to establish whether there is any interest in the disposal of the site and provision of ice and arena facilities in the city.

There has been previous work undertaken that established potential demand for an ice facility and an arena in the city.

The City Council also needs to remove the subsidy paid to the Pavilions to support capital borrowing for the Plymouth Life Centre and we want to be in a position where we have low or no liabilities on the Pavilions site. At the same time we need to protect and perhaps accelerate the delivery of the boulevard in to Millbay.

Corporate Plan 2010-2013 as amended by the four new priorities for the City and Council:

Delivering Growth

Releasing the land to the private sector will enable its redevelopment which will facilitate and accelerate growth in the city, particularly with respect to the Millbay development area given the opportunity to 'open up' the proposed boulevard. It is envisaged, subject to the chosen use of the site (within the auspices of the planning context) that there will be significant employment opportunities.

Raising Aspirations

Development of private sector operated state-of-the-art facilities.

Providing value for communities

Redirecting public funds from non-core services and enabling the private sector to deliver efficiencies and relevant expertise to improve the quality of services offered to the community.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

A capital contribution has been allocated towards the sale of the site and the subsequent re-provision of ice facilities in the city.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.

Recommendations & Reasons for recommended action:

1. Officers are to seek expressions of interest (via a soft market testing exercise advertised through the OJEU) in the purchase of the freehold of the Pavilions site based on the re-provision of an arena and ice facility on the site or elsewhere in the City. This exercise will result in a detailed understanding of whether there is any interest in the Pavilions.
2. Parties expressing an interest in the site would be asked to undertake, as a function of the purchase, to maintain the provision of the arena facility until such a time as a new facility is provided. This may not be possible if the proposal is to redevelop the Pavilions to provide an arena and leisure ice – in which case there could be a gap in provision.
3. The outcome of this exercise will be presented to Cabinet in April 2011 for a decision on how to proceed.

Alternative options considered and reasons for recommended action:

The recommended course of action offers a joined-up approach to resolving the Pavilions issue.

If disposal is not subsequently approved or, if the soft market testing exercise does not prove successful, we could progress individual solutions for each element of the building.

The intention is for the future of leisure ice to be secured through a procurement to provide the facility in the city with the allocated capital contribution. During the soft market testing for the proposed solution above we would continue to refine the site options appraisal for ice delivery such that if the above proposal fails we can immediately move to procure a partner to deliver leisure ice on another site with the allocated budget.

With regard to the arena, if the above proposal fails, a decision would have to be taken as to the future provision of an arena which could include significant investment to keep it operational.

Background papers:

Pavilions Market Testing Paper – Background Information

Pavilions Market Testing Paper – Background Information (Part II)

Capita Symonds Report Ref: Plym-Report-19Nov07.2.0 (available separately) (Part II)

Sign off:

Fin	DJN 1011. 011	Leg	1035 1/DD	HR		Corp Prop		IT		Strat Proc	SPU/ JK/24 2/111 0
Originating SMT Member: Tony Hopwood, Programmes Director											

Pavilions Market Testing Paper – Background Information

The aim of this paper is to seek approval to seek expressions of interest in the Pavilions site to establish whether there is any interest in the disposal of the site and provision of ice and arena facilities for the reasons set out below.

There has been previous work undertaken that established potential demand for an ice facility and an arena in the city.

Any disposal of the site would be subject to a separate decision by the Cabinet to proceed following the soft market testing exercise and would be likely to be at a value determined by a competitive marketing exercise.

The City Council also needs to remove the subsidy paid to the Pavilions to support capital borrowing for the Plymouth Life Centre and we want to be in a position where we have low or no liabilities on the Pavilions site. At the same time we need to protect and perhaps accelerate the delivery of the boulevard in to Millbay.

The Pavilions building is presently operated by Theatre Royal (Plymouth) Ltd. (TRP) at a significant revenue cost to Plymouth City Council. The majority of this subsidy is required to fund the unsupported borrowing element of the Plymouth Life Centre Programme budget.

To enable the removal of this subsidy it was always proposed to close the existing ice rink and leisure pool in the Pavilions. When this proposal was developed and approved the economic landscape was very different and it was assumed that the commercial and residential property development market in the Millbay area would support the [re]provision of arena facilities either on the Pavilions site or elsewhere in the city and provision was made in the budget for the re-provision of ice.

There is a significant quantum of dilapidations work required to the building. This includes works to the mechanical and electrical infrastructure, roof repair/replacement, replacement of fire dampers and replacement of the retractable seating. These costs must be taken into account when considering the future of the building as it is likely that they would have to be completed to enable the facility's continued safe and commercially viable operation.

Disposal of the site will remove the existing Health & Safety liabilities related to the building in terms of the dilapidations requirements.

In addition there will be either demolition or mothballing costs and works to reconfigure the mechanical and electrical plant when the ice & leisure pool close to enable the arena to remain operational.

It is evident that the leisure ice should be re-provided somewhere in the city, possibly as part of a redevelopment of the Pavilions site or on another suitable site.

It is recommended that an arena facility is maintained in the city however private sector financial and management support will be required for its delivery and future operation without reliance on further public subsidy.

Parties expressing an interest in the site through the soft market testing exercise would be asked to indicate whether, as a condition of purchase, they would be prepared to maintain the provision of the arena facility until such a time as a new facility is provided. This may not be possible if the proposal is to redevelop the Pavilions to provide an arena and leisure ice – in which case there could be a gap in provision.