

## PLYMOUTH CITY COUNCIL

**Subject:** Plymouth Pavilions Development Contract Award  
**Committee:** Cabinet  
**Date:** 24 April 2012  
**Cabinet Member:** Councillor Bowyer and Councillor Jordan  
**CMT Member:** Director for People  
**Author:** Tony Hopwood, Programmes Director  
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**Ref:** Cabinet Paper\_Pavilions Contract Award Part I  
**Key Decision:** Yes  
**Part:** I

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### Executive Summary:

1.1 The purpose of the report is to note the selection of Akkeron Leisure Limited as Preferred Bidder and to approve the award of the Plymouth Pavilions Development Contract to its special purpose vehicle Five Directions Limited, subject to the resolution of any outstanding clarifications to the satisfaction of the Chair of the Culture, Sport and Leisure Executive Programme Board.

### Background:

1.2 A paper was discussed at the Cabinet meeting on 14<sup>th</sup> December 2010 where it was noted that the Pavilions was a strategic site, identified in the Mackay Vision, linking the city centre to Millbay. At the time there were no plans in place to enable the development of the site to be brought forward.

1.3 At that time, the city also had a number of intractable issues that it sought to resolve, namely:

- There was a requirement for an arena in the city
- We needed an ice facility in the city
- The council had to be in a position where it had low/no liabilities in the Pavilions site
- We required the subsidy that was being paid for the operation and management of the Pavilions to fund the unsupported borrowing required for the Plymouth Life Centre

1.4 It was acknowledged that the delivery of one and/or two of these objectives would be relatively straightforward however delivering all of them would be extremely complex and would require innovative, progressive steps to be taken to maximize the benefit to the city.

1.5 Through this procurement exercise the council will succeed in the delivery of all of these issues.

1.6 The aim of the Cabinet paper was to secure approval to seek expressions of interest in the Pavilions site and to establish whether there was any interest in the disposal of the site and, consequentially, the re-provision of ice and arena facilities in the city.

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

1.8 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 and ice facilities until such a time as new/remodelled facilities were provided. If the proposal was to redevelop the Pavilions to provide an arena and leisure ice then it was acknowledged that this may have necessitated a gap in provision.

1.9 The outcome of this exercise was to be presented to Cabinet in April 2011 for a decision on how to proceed.

1.10 A number of responses were received to the advertisement and these responses were reviewed and a further report presented to Cabinet on 29 March 2011. It was considered at the time that there was a viable and deliverable private sector solution that would enable the re-provision of arena and ice facilities and maintain continuity, so far as reasonably practicable, pending their re-provision.

1.11 The next logical stage was to progress to the procurement of a private sector development partner through the Official Journal of the European Union (OJEU). This was to commence in May 2011. The outcome was to be presented to a future Cabinet meeting.

1.12 The authority for the management and direction of the Project was delegated to the Chair of the Culture, Sport & Leisure Programme and Executive Programme Board. The project was overseen by the Customers and Communities Overview and Scrutiny Panel and, at a meeting of this panel it was confirmed that the project would result in an appointment in early 2012.

1.13 This decision is being made as an Urgent Key Decision given that the last forward plan was published on 15 March 2012 and the item could not be included for the following reasons:

1.13.1 The procurement of the Plymouth Pavilions Development Opportunity has been delivered through the Competitive Dialogue procurement route. Given changes in timescales to secure deliverable solutions (in agreement with bidders and the Culture, Sport & Leisure Programme Board and Executive Programme Board) the date for finalising the outcome of the procurement has been fluid. We are now in a position to announce a preferred bidder and seek urgent Cabinet approval for contract award.

1.13.2 The next forward plan will be for the period commencing on 1 June 2012 and it is impracticable to defer the decision until the next provisional Cabinet date in June 2012 because, given the significant implications on the Theatre Royal Company (that presently operates the Plymouth Pavilions site on behalf of the council) we need to ensure that the contract award is in place as quickly as is reasonable practicable to ensure that the impact of any delay can be minimised.

1.13.3 Council has set aside a budget of £800k in financial year 2012/13 for the continued operation of the Pavilions pending the outcome of this project. Any delay in entering into contract could impact on that budget and create additional pressures in already tight finances.

1.14 Devon Audit Partnership was fully engaged throughout the competitive dialogue process, attended the majority of project meetings and dialogue sessions and has been consulted at every stage of the procurement to ensure that it has been undertaken efficiently, effectively and transparently.

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## **Corporate Plan 2012-2015:**

**Deliver growth:** In addition to meeting the baseline requirement of the tender process – i.e. the continued delivery of Arena and Ice facilities - the solution submitted will see significant investment in the city acting as enabling development for the delivery of the improved arena facility and ice rink. The developments will become regionally significant attracting income into the city economy and lever further inward investment contributing towards the growth agenda

**Raise aspirations:** The delivery of a full scale international ice rink will enable ice hockey teams to develop and the facility will act as a catalyst in the delivery of iced based sports in the city and the wider region.

**Provide value for communities:** Through this procurement the council will divest itself of the costs of operating non-core facilities in the city, by enabling the private sector to use their skills and finances to develop an innovative solution providing value for money.

There are a number of major items to be delivered over the life of the Corporate Plan, the award of this contract will deal specifically with the following:

1. Working with other organisations to reduce costs and improve services
2. Delivering on some key immediate challenges within the growth agenda – e.g. connectivity, particular rail and broadband; business support, especially in relation to the maritime sector, selling Plymouth as a place to invest in and building on the success of the America's Cup to bring in more visitors

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

The basis of this procurement has been to reduce the exposure of the Authority to the operating costs of the Plymouth Pavilions site. By implementing this decision the council will save over £1.5m per annum.

The basis of the deal is that the successful developer will be given the Plymouth Pavilions site and a contribution of £2m with no further recourse to council subsidy.

The staff employed by Theatre Royal (Plymouth) Limited that presently operate the Plymouth Pavilions site will be transferred to the new operator under TUPE regulations.

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**Other Implications: e.g. Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:**

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**Recommendations & Reasons for recommended action:**

1. To note the selection of Akkeron Leisure Limited as the Preferred Bidder by the Chair of the Culture, Sport and Leisure Executive Programme Board and to approve award of the Plymouth Pavilions Development Contract to its special purpose vehicle Five Directions Limited, subject to the resolution of any outstanding clarifications to the satisfaction of the Chair of the Culture, Sport and Leisure Executive Programme Board.
2. To delegate authority to the Director for Place to oversee the delivery of the contract outputs and monitor the contractual performance and obligations of Five Directions Limited.
3. To delegate the authority to the Director for People to ensure that any costs resulting from termination of existing contracts at the Pavilions, employment related issues, etc. are monitored and resolved in accordance with the current Funding and Management agreements between the Council and Theatre Royal (Plymouth) Limited and in accordance with the Plymouth Pavilions Development Contract.

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**Alternative options considered and reasons for recommended action:**

Undertaking a tender process for each of the elements of the Pavilions site, i.e. Arena and Ice, was considered however, due to the linkages between the facilities and their operations this was not deemed feasible.

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**Background papers:**

Pavilions Contract Award VI.04 (Part II only)

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**Sign off:**

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Originating SMT Member: Tony Hopwood

Have you consulted the Cabinet Member(s) named on the report? Yes