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| Report to: | Cabinet | Date of Meeting: | 29 th July 2021 |
| Subject: | Marine Lake Events Centre – Pre-Development and Capital Funding bid submissions | | |
| Report of: | Executive Director Place | Wards Affected: | Cambridge & Dukes |
| Cabinet Portfolio: | Regeneration & Skills | | |
| Is this a Key Decision: | Yes | Included in Forward Plan: | No |
| Exempt / Confidential Report: | No | | |

Summary:

This report requests approval to submit a pre-development funding bid of up to £2.5m to the Liverpool City Region Combined Authority (LCR CA), along with a capital funding bid submission to Arts Council England (ACE) of up to £5m.

Subject to the above funding, the report also requests approval to procure a range of required consultancy services for the proposed new Southport Marine Lake Events Centre, in order to progress the design, business case and operating model, to enable the required Town Deal submission by March 2022 to draw down the necessary funds.

Recommendation(s):

It is recommended that:

- (1) Cabinet approves the submission of pre development funding bid of up to £2.5m to the Liverpool City Region Combined Authority;
- (2) Cabinet approves the submission of a Cultural Development Fund bid to Arts Council England of up to £5m;
- (3) Subject to the funding bid, Cabinet approves the tender processes to procure a range of consultancy services, using several different compliant procurement methods as detailed in the report;
- (4) Delegated authority is given to the Executive Director of Place, in consultation with Cabinet Member for Regeneration to award the necessary contracts;
- (5) It be noted that the proposal was a Key Decision but had not been included in the Council's Forward Plan of Key Decisions. Consequently, the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had been

consulted under Rule 27 of the Access to Information Procedure Rules of the Constitution, to the decision being made by Cabinet as a matter of urgency on the basis that it was impracticable to defer the decision until the commencement of the next Forward Plan because of the opportunity for early release of pre-development funding; and

(6) It be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Regeneration and Skills) had given his consent under Rule 46 of the Overview and Scrutiny Procedure Rules for this decision to be treated as urgent and not subject to "call in" on the basis that it cannot be reasonably deferred because of the opportunity for early release of pre-development funding.

Reasons for the Recommendation(s):

Cabinet have previously approved to progress with a new Events Centre in Southport as part of the successful Southport Town Deal. To enable progression of the project at pace, there is now opportunity to secure up to £2.5m from the Liverpool City Region Combined Authority as a contribution to the pre-development works. Moreover, Arts Council England has recently announced a Capital funding scheme, with the proposed Marine Lake Events Centre being eligible.

Furthermore, in order to complete the final business case, several procurements are required such as the delivery team and full design services. This will allow the project to progress on the necessary timetable to drawdown Town Deal funding in March 2022, and to submit the final business case to the Liverpool City Region Combined Authority as part of the capital contribution of up to £20m.

Alternative Options Considered and Rejected: (including any Risk Implications)

Two procurement timetable options have been considered and rejected;

1. Finalise the delivery strategy and present the procurement options to September Cabinet therefore given time to be on the forward plan. This option has been rejected due to the notification of pre development funding being available from the Liverpool City Region Combined Authority.

2. Given the programme pressure and requirement to submit a planning application by February / March 2022, an approach to procure the core design team via the direct award route has been considered. This would allow the commencement of design development as early as possible, and therefore maximise the period for design development and cost certainty at the point of submitting the planning application.

However, the direct award route is deemed to be unsuitable due to the value of the works. The next preferred option is to procure the core design team via a mini-competition, resulting in a circa 2-month programme delay.

What will it cost and how will it be financed?

(A) Revenue Costs

There are no additional costs anticipated with the preparation of funding bid submissions to the LCR CA or to ACE. Match funding for the LCR CA pre-development funding bid would be derived from previous spend on the project, and Town Deal funding once released. Any funding from the council would be approved in accordance with financial procedure rules.

(B) Capital Costs

The total investment for the project under option 5 (which includes the water and light show in Marine Lake) is circa £75m, as presented at June 2021’s Cabinet meeting. This will be further detailed as the design for the development is progressed along with the appointment of the various consultants, and the financial envelope that is secured and available to the council is confirmed.

£33.3m from the Town Deal and up to £20m from the LCR CA is agreed in principle, and at the time of this report engagement is ongoing with potential funding partners and investors for any balance required. Capital funding is also sought through the proposed bid to ACE. Options and recommendations will be brought to Cabinet as part of the final business case in early 2022.

Implications of the Proposals:

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| Resource Implications (Financial, IT, Staffing and Assets): | |
| Internal resources will be utilised for the bid submissions and associated processes. Any additional resource requirements will be identified as delivery strategy for the project is finalised. | |
| Legal Implications: | |
| Details of any legal implications are contained within the report. | |
| Equality Implications: | |
| There are no equality implications. | |
| Climate Emergency Implications: | |
| The recommendations within this report will: | |
| Have a positive impact | Y |
| Have a neutral impact | N |
| Have a negative impact | N |
| The Author has undertaken the Climate Emergency training for report authors | N |
| The continuation of work directly contributes towards achieving the targets within the Council’s Climate Emergency strategy. The design and operation of the new Events | |

Centre will help Sefton's aim of becoming net zero carbon neutral by several design and building techniques. This will also help the Events Centre sales position as several event organisers now expect venues to be able to demonstrate good practice when it comes to the environment.

Contribution to the Council's Core Purpose:

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| Protect the most vulnerable: N/A |
| Facilitate confident and resilient communities: The proposed new event centre will provide a high-quality cultural experience that will provide a first-class venue and destination for local communities to use and enjoy. |
| Commission, broker and provide core services: N/A |
| Place – leadership and influencer: The proposed new Events Centre will be an enabler for change and lead to further private sector investment in Southport. The proposed centre will be a game change for the Sefton Visitor Economy being fundamental in the Covid-19 visitor economy recovery while also helping change the perception of Southport and the wider region. |
| Drivers of change and reform: Providing a long-term sustainable future for a new multi functioning event space that will include conference facilities and auditorium along with new uses such as E-sports. |
| Facilitate sustainable economic prosperity: The new Events Centre will act as a major catalyst for the visitor economy contributing millions to the local economy by supporting local businesses and supply chains. It will also enable future private sector investment. |
| Greater income for social investment: The new Events Centre is projected not to require any large subsidies that have been required in the past |
| Cleaner Greener: The future operation will contribute to Sefton's aims to becoming net zero Carbon Neutral. |

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6466/21) and the Chief Legal and Democratic Officer (LD4667/21) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The new Events Centre formed part of the Southport Town Deal consultation. This overall consultation resulted in over 7,000 responses with regards to the overall Town Deal. Separate consultation also took place with under 16's in relation to The Events Centre and future uses, with more than 1,000 respondents.

Implementation Date for the Decision

With immediate effect. The Chair of the Overview and Scrutiny Committee has given approval under Rule 46 of the Overview and Scrutiny Procedure Rules for the 'call-in' period to be waived in respect of the executive decision.

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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1. Background

- 1.1 In February 2020 a two-stage assessment was commissioned to consider the potential options for the future redevelopment of the Southport Theatre & Convention Centre (STCC). The feasibility study considered the condition and operating performance of the STCC, explored market trends and demand parameters and identified and assessed potential options for redevelopment. The options were progressed to RIBA Stage 0 & 1 and indicative capital costs established. The feasibility study has been used to inform the development of this business case.
- 1.2 Alongside the development of an outline business case, a design team was appointed including venue specialists IPW, HOK Architects, Gardiner & Theobald (G&T) cost consultants and AECOM (engineering and transport), to work up a RIBA Stage 2 design.
- 1.3 In June 2021 Cabinet approved that Option 5 for a new Southport Marine Lake Events Centre be progressed, with the STCC remaining closed given the financial implications of reopening for what would be a short period.
- 1.4 With the STCC remaining closed due to the reasons set out in the June 2021 report, the new events centre will be referred as The Marine Lake Events Centre (MLEC) in all future reports. This is a working project title at this stage, based on schools consultation on the project during 2020, with naming and branding strategy to be developed as the project progresses.
- 1.5 A comprehensive delivery strategy has been commissioned that will set out the required services to be procured along with an indicative timetable.

2.0 LCR CA Pre-development Funding

- 2.1 Close working relationships continue with the LCR CA on the Southport Town Deal projects. As per June 2021's Cabinet report, this includes a commitment of up to £20m of capital funding to support with delivery of the proposed Marine Lake Events Centre. Discussions have continued in respect of the potential access to pre-development funding, earlier than anticipated, for progression of the project.
- 2.2 The council remains keen to progress the project at pace, recognising the impact of the closure of Southport Theatre and Convention Centre (STCC) on the town's economy, as well as the importance of the project to economic recovery and the significant impact and benefit that the new Events Centre will have on the local and regional economy. It is therefore keen to pursue this potential pre-development funding bid opportunity.
- 2.3 Any required match funding for the LCR CA pre-development funding bid would be derived from previous spend on the project, and Town Deal funding once

released. Any additional revenue funding from the council's existing budgets would be approved in accordance with financial procedure rules.

- 2.4 Given the importance of the project to the town's economy, and given the timescales envisaged by the Town Deal process, there remains a desire to keep the project moving at pace during the current financial year. However, this is dependent on pre-development funding for progression of the design and business case in advance of the release of the Town Deal funding itself, hence the ongoing dialogue and intended submission to the LCR CA. This issue applies to other Town Deal awards nationally as well.
- 2.5 These pre-development costs are included within the overall anticipated cost of the final scheme.

3.0 Arts Council England

- 3.1 Arts Council England (ACE) have recently announced a Round 2 of the Cultural Development Fund. The fund is a capital allocation with the aim of unlocking local growth and productivity, promote economic and social recovery from the impact of Covid-19, and regenerate communities through capital investment in place-based creative and cultural initiatives.
- 3.2 Bids between £2.5m and £5m can be made for capital asset activity. An initial expression of interest has been submitted after conversations with Arts Council England. If the expression of interest is successful, the Council will be invited to submit a full bid by the 15th of October 2021. If successful, notification of funding will be received by February 2022.

4.0 Procurement of Professional Services

- 4.1 Subject to approval of the pre-development funding above, a range of design and specialist services to progress the design development and prepare the submission of a planning application for the new Marine Lake Events Centre are required.
- 4.2 A review of professional services to be commissioned has been carried out recommending the procurement of 5 lots for the core design team as follows:
1. Architect (Lead Designer) / Landscape Architect
 2. Structural / Civil Engineering
 3. Mechanical, Electrical and Public Health (MEPH) Services Engineering
 4. Town Planning Consultant / Heritage Consultant
 5. Transport / Highways Consultant
- 4.3 Upon review of the available procurement routes, it is recommended that the core design services required to follow an OJEU/FTS process are appointed through a framework. The most appropriate framework is the NHS SBS Construction Consultancy Services Framework.

- 4.4 The value of lots no.4. and no.5 will be under the financial threshold and can be procured via a competitive tendering process but can remain outside a formal OJEU procurement route. Therefore, these lots do not require the use of a Framework and can be procured via The Chest.
- 4.5 Under the NHS SBS Construction Consultancy Services Framework, the Council has the option to commission services through via a mini-competition. This is the recommended route for the core design services. (1-3)
- 4.6 Several other consultants and agents will also require to be appointed. Most of these services can be subsumed within the scope of a core design team consultant in order to reduce the number of procurement exercises. Approximately 12 other specialist services will need to be procured via Sefton, with the value of each of these services likely to be either below the £20,000 threshold (where 3 quotes are required) or within the £20,000 to £150,000 threshold.
- 4.7 Similarly, several site surveys and reports will need to be procured to inform the design and support the planning application. The majority can be included within the scope of consultants to be appointed therefore reducing the number of direct commissions required. approximately 10 surveys and reports will need to be commissioned directly. The procurement and evaluation process can be managed by the Delivery Team who will provide recommendations to the Council, and therefore minimise the in-house resource required of Council.

5.0 Delivery Team Procurement

- 5.1 At the time of writing, it is intended that Sefton Council will be the Developer of the Marine Lake Events Centre Project. As the Council does not have the capacity or full range of expertise or resources required to undertake the full Developer role in-house, it is seeking to appoint a Delivery Team to act on its behalf to support the delivery of the MLEC project.
- 5.2 The Council will be the Client / Employer, and the Delivery Team would provide the following key services:

Core Services

- Venue Development Advisory Services and Client Representative (quasi-development management, applied to venues)
- Project Management Services
- Quantity Surveyor / Cost Consultancy

Supporting Roles/ services

- Operator Procurement
- Venue Planning advisory
- Project funding support
- Contract administration/employer's agent
- Principal designer
- Technical Advisory Service

- 5.3 The Delivery Strategy assesses the various procurement options for the key project appointments, namely: professional team, venue operator and build contractor. The working assumption in each assessment is that the Council will appoint a Delivery Team to undertake the other procurement activities on behalf of the Council. Therefore, the first appointment that would be made is the Delivery Team.
- 5.4 There are two primary considerations in relation to the Delivery Team appointment:
- Programme – appointing a Delivery Team ASAP to facilitate the procurement of other professionals, and meet the project programme requirements;
 - Process – following a process that will deliver an experienced and high-quality Delivery Team and overall value for money.
- 5.5 It is recommended that the delivery team are appointed through a framework. The most appropriate framework is the NHS SBS Construction Consultancy Services Framework. Under the NHS SBS Construction Consultancy Services Framework, the Council has the option to commission services via a mini-competition.
- 5.6 It will be important to develop a full scope of services for potential providers to respond to and to carefully consider the award criteria to be applied to the contract. Specifically, it will be critical that the appointed Delivery Team:
- Are highly experienced in delivering entertainment/ conference venue projects successfully
 - Understand the key drivers for the project, and the challenges and risks, and are able to manage them effectively on behalf of the Council
 - Are able to commence work immediately, apply sufficient resources and commit to delivering the ambitious project timetables outlined
 - Provide value for money

6.0 NHS SBS Construction Consultancy Services Framework.

- 6.1 The NHS SBS Construction Consultancy Services Framework is a national provider with agreements open to all Public Sector Authorities including Local Council. The framework offers the following benefits:
- Free of charge to use and access
 - OJEU compliant
 - Suppliers pre-qualified on financial, environmental, health & safety and quality criteria
 - Suppliers appointed following a competitive tendering process with suppliers awarded by specialism

- Mini Competition options
- Flexible contract terms to meet the needs of the end user
- Sub-contracting options available
- Ad-hoc consultancy options available via the Ancillary Services provision

7.0 Operator Procurement

7.1 Soft market-testing was undertaken as part of the outline business case, which indicated that there were four operators who may be interested in the Marine Lake Events Centre. IPW therefore recommended that a commercial operator be appointed through a competitive process that provides maximum risk transfer from, and certainty to, the Council.

7.2 There are a series of major benefits to overall project delivery of procuring an operator early in the development process. Hence why, this is now the best practice approach when developing venues of this type. The benefits are as follows:

- The Council would get an indication of the future financial performance of the facilities, and the scale of the guaranteed and variable incomes that it could receive, which will directly support the Council's funding strategy
- Provide confidence to funders about the project sustainability, through securing an operator on a long-term deal (25 years +), with guaranteed income streams
- The operator can input into the design development process. This will enable them to help refine the facilities that are best for the market and their business model. Furthermore, it may also identify potential areas of saving, such as the removal of the Fly Tower and associated facilities from the base scheme if not required to deliver the operators events programme
- Understanding of any potential for capital investment in FF&E/ additional FF&E requirements
- Reduces risk in the future operation of the scheme with this potential financial burden transferred away from the council early in the process.

7.3 It should be noted that since the United Kingdom left the European Union, its authorities are no longer required to abide by the EU procurement regulations / publication of OJEU notices. However, until the outcomes of the December 2020 Green Paper: Transforming Public Procurement are released, no new rules/ regulation have been determined, and therefore authorities are required to follow the historic regulations. The relevant contract regulations for consideration are as follows:

- Public Contract Regulations 2015 procedures
- Concessions Contract Regulations 2016
- Application of the Light Touch Procurement Regime

7.4 The following public procurement processes are available to procure an operator of the MLEC:

- Public Contract Regulations 2015 procedures
 - The Open Procedure
 - The Restricted Procedure
 - Competitive Dialogue
 - Competitive Procedure with negotiation
- Concessions Contract Regulations 2016
- Application of the Light Touch Procurement Regime

7.5 It is important to undergo a rigorous detailed exercise to determine the optimal party to operate the MLEC, which supports the selection of a Competitive Dialogue procedure. This approach will enable us to explore a range of possible solutions with the operators, which is particularly important when we consider that there are a number of elements of the scheme that could be in or out of any potential deal (e.g. F&B, Water & Light Show, undercroft etc).

7.6 Therefore it is recommended to use of the Competitive Dialogue procedure to procure an operator for the MLEC site. The results of this procurement will be brought back to Cabinet as part of the full business case in early 2022. This business case will confirm the anticipated value of the project along with all funding sources.