

Report of: Senior Project Manager

Report to: Deputy Chief Executive and Chief Officer Parks and Countryside

Date: 8th November 2016

Subject: The development of waterfall house and creature corner at Tropical World.

Capital Scheme Number: 32648

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|--|---|--|
| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Roundhay Park | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Is the decision eligible for Call-In? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Summary of main issues

- From 2013 to 2015 Leeds City Council undertook a major restoration of the Arnold and Marjorie Ziff Tropical World. As a result of these developments there has been a significant improvement in the all-round offer at Tropical World and as a consequence the service can report the following achievements;
 - In the full trading year post development, total income increased by 112% from £1,060k pre commencement to £2,245k post completion.
 - Budgeted income from shop sales has increased by 66% from £233k pre completion to a budgeted value of £386k in 2016/17.
 - Budgeted income from Café sales has increased by 86% from £195k pre completion to a budgeted value of £363k in 2016/17.
 - Average Spend per transaction in Tropical World Café has increased by 38% to £8 and the proportion of Tropical World visitors going to the café has doubled.
 - Visitor numbers in 2015/16 up to 410,000, an increase of 45% on numbers pre development;
 - 81.5% of reviews on Trip Advisor are either 'very good' or 'excellent' compared to 79% pre development.
 - Over 75,000 children education visits post development.
- The financial performance demonstrated above, highlights that significant capital investment in the quality of the visitor attraction and experience, is able to act as a catalyst for growth in income and in turn generate savings that make the city's parks

and greenspaces more sustainable. By adapting a positive approach to the management of the attraction, including the implementation of an evidence based approach to marketing, bespoke merchandising and a realignment of entry fees, the service was able to grow revenue exponentially in the period following development.

3. The Parks and Countryside service consider that the potential exists to build upon and replicate this success. Proposals have therefore been considered and options explored to continue with the development of Tropical World. The principal aim of the next phase of development proposed at Tropical World will be to present a coherent, coordinated and visually stunning series of redevelopments that can be rolled out to the different 'zones' of Tropical World that builds upon the work already undertaken on improving the aquarium zone. The objective is for this investment to act as a catalyst for increasing visitor numbers to the attraction to circa 450'000, which represents an increase of 50000, visitors by 2020/21.
4. In October 2016, the Parks and Countryside service asked Executive Board to considered the principle of investing in visitor attractions, which included the proposal for Tropical World. The aim is to broaden the appeal and equally the enjoyment experienced by those visiting Tropical World by enhancing the scope, standard and therefore the overall visitor experience. Capital investment to the value of £650k would be required to provide continued improvements at Tropical World and the potential exists for this investment to act as a catalyst for the delivery of a net saving of £445k per annum by 2020/21 which will help support services. This investment and growth is projected over a 4 year period to 2019/20 with work delivered in 3 distinct phases, with a review following each phase. Executive Board supported the proposals and the principle of incurring capital expenditure to support plans for growth in revenue.
5. In each phase the intention will be to commence work with the minimum of disturbance in November and complete in advance of the February half term. This period is consistently the quietest time for the attraction. Phase 1 of the redevelopment process has been costed at £193.6k and when considered holistically with the growth in revenue these improvements will make a positive contribution to the Best Council Plan ambition of becoming a more efficient and enterprising council. In addition, these improvements therefore support the Best Council Plan 2016/17 priorities of 'Enhancing the quality of our public realm and green spaces' with increased visitor numbers 'Supporting economic growth'; an improved learning offer also contributes to the priority around 'Improving educational achievement'.

Recommendations

6. The Deputy Chief Executive is requested to;
 - i) Approve the injection of £66k into capital scheme 32648 from unsupported prudential borrowing.
7. The Chief Officer Parks and Countryside is requested to;
 - i) to approve the transfer and injection of funds to the value of £28.1k from the capital scheme 16504\AQU\000 into capital scheme 32648.
 - ii) Approve the injection of £99.5k into the capital programme from residual grant receipts held on account within the Parks and Countryside service budget into capital scheme 32648.
 - iii) Provide Authority to spend on capital scheme 32648 to value of £193.6k.

- iv) That the Senior Projects Officer Parks and Countryside be responsible for implementing the recommendations within this report and ensuring that the necessary capital works are implemented and completed promptly.

1 Purpose of this report

- 1.1 The purpose of this report is to highlight the growth in revenue achieved at Tropical World following on site improvements undertaken in the previous programme of development. The report then seeks a number of approvals with the objective of injecting funds to the value of £193.6k, with authority to spend, to undertake the first phase works that have been designed to continue the transformation of internal visitor attraction displays at Tropical World. The significant majority of the work, and therefore consequentially the budget, will be undertaken in the 2016/17 financial year.

2 Background information

- 2.1 From 2013 to 2015 Leeds City Council undertook a major restoration of Tropical World. The aspiration was to significantly improve the visitor facing elements of the attraction and in parallel undertake a number of key strategic improvements to the fabric of the building that improved both the sustainability and efficiency of the attraction. In total approximately £1.7m was invested into the facility and this included:

- Improvements to the aquarium;
- The development of new customer toilet and baby changing facilities;
- A complete rewire of the building;
- The installation of a new heating system including a biomass boiler;
- An improved, extended and integrated shop and café.

- 2.2 As a result of these developments there has been a significant improvement in the all-round offer at Tropical World and as a consequence the service can report the following achievements;

- In the full trading year post development total income increased by 112% from £1,060k pre commencement to £2,245k post completion.
- Budgeted income from shop sales has increased by 66% from £233k pre completion to a budgeted value of £386k in 2016/17.
- Budgeted income from Café sales has increased by 86% from £195k pre completion to a budgeted value of £363k in 2016/17.
- Average Spend per transaction in Tropical World Café has increased by 38% to £8 and the proportion of Tropical World visitors going to the café has doubled.
- Visitor numbers in 2015/16 up to 410,000, an increase of 45% on numbers pre development;
- 81.5% of reviews on Trip Advisor are either 'very good' or 'excellent' compared to 79% pre development.
- Over 75,000 children education visits post development.

- 2.3 Overall in the 5 month period following the completion of the initial phase of development, income more than doubled (£704k more) in 2015 compared to 2012 before improvement works was carried out. The financial performance achieved, highlights that significant capital investment in the quality of the visitor attraction and experience is able to act as a catalyst for growth in income and in turn generate savings to improve sustainability. By adapting a positive approach to the management of the attraction, including the implementation of an evidence based approach to marketing, bespoke merchandising and a realignment of entry fees, the service was

able to grow revenue exponentially in the period following development. To sustain this growth the service has explored and implemented new opportunities that diversify the existing customer offer on site as demonstrated by the introduction of children's parties and the imminent launch of an online ticketing platform. Given this success, proposals have therefore been considered and options explored for the continued development of Tropical World.

- 2.4 The principal aim of the next phase of development proposed at Tropical World will be to present a coherent, coordinated and visually stunning series of redevelopments that can be rolled out to the different 'zones' of Tropical World that builds upon the work already undertaken with the objective of increasing visitor numbers to the attraction to circa 450'000 which is a an increase of 50000 visitors per annum. Capital investment to the value of £650k would be required to provide significant improvements at Tropical World and the potential exists for this investment to act as a catalyst for the delivery of a net saving of £445k per annum by 2020/21 which will help support services. This investment and growth is projected over a 4 year period to 2019/20 with work delivered in 3 distinct phases with a review following each phase. Executive Board agreed to the principle of incurring capital expenditure to support plans for growth in revenue. Phase 1 of the redevelopment process has been costed at £193k and it is work within this phase which is the subject of this design and cost report.

3 Main issues

3.1 Design Proposals and Full Scheme Description.

- 3.1.1 This report has outlined the significant improvements already undertaken at Tropical World; however, it is felt that capacity exists to broaden the appeal of the attraction still further and at the same time enhance the quality of the visitor experience by improving the visual and education content of the exhibits.
- 3.1.2 Work undertaken in the initial phase of development to improve the aquarium space provided a foundation from which development could flow throughout the attraction. Indeed the negative consequence of this positive improvement was that it highlighted the need for further investment in the visitor attraction itself, in terms of exhibit development and the requirement to refresh theming which had become tired and dated. Consequently, the service has engaged those partners who supported in the development and ongoing maintenance of the aquarium and commissioned a plan for the site that seeks to improve all areas of the attraction. The proposals included within this plan have been costed and a phased delivery plan developed that gives due regard to deliverability, but principally the requirement to ensure business continuity and not unduly affect customers visitor experience whilst development work is taking place.
- 3.1.3 The principal aim of the next phase of development proposed at Tropical World is to present a coherent, coordinated and visually stunning series of redevelopments that can be rolled out to the different 'zones'. Animal welfare, husbandry standards and visual attractiveness are the cornerstones of each suggested progression. Each zone will have a different look, atmosphere and sound to take the visitor on a pathway of discovery, with a multitude of new attractions to find in each area including a number of new species that will enhance the visitor experience,

strengthen conservation and research projects and improve educational opportunities.

3.2 Phase 1 development proposals will therefore focus on;

3.2.1 Waterfall House-

3.2.2 The main entrance to this house is via the aquarium, which was redeveloped as part of an earlier phase of development, and as such the Aztec blockwork structure transitions through the doorway and onto the wall to the right and left of the doorway. Consequently it is essential to get design continuity between the new development and the existing by incorporating features that mirroring those already developed in the aquarium atrium.

3.2.3 The principle of re-theming this zone to mirror the aquarium will be continued throughout. Additional developments will entailing the enhancement of dated water features both from a display presentation perspective aswell as technical improvements to the functionality of the life support system, the completion of this process will then allow for displays to be enhanced through the introduction of new species and areas of interest.

3.3 Creature Corner-

3.3.1 As above, this house is reached via the waterfall and therefore must have design continuity but equally is above and connected to the recently developed aquarium. This area will therefore be transformed into an upper Aztec temple in a manner that complements the improvements already made to the aquarium below. The Aztec Temple theme of the Aquarium will rise up from below to create a dramatically different look and feel to the current layout.

3.3.2 As with the waterfall house this entail extensive re-theming which will be supplemented with new species, exhibits and the re-presentation and refreshment of existing ones.

3.4 **Programme**

3.4.1 In addition to undertaking work to develop the attraction, work has also been ongoing to extend the existing kitchen facility and given the compact nature of the Tropical World site, it has been necessary to ensure that work is progressed sequentially. We are now in position where work can be commenced on site with phase one of the redevelopment of the internal attraction and displays. The significant majority of the redevelopment proposed in phases one will be completed by early February 2017, which will be in advance of the half term, with the possibility that some final elements relating to interpretation may not be completed until a later date.

3.5 **Procurement**

3.5.1 The works included within this scheme fall within the provisions of Contract Procedures Rules (CPR) 3.1.4 in that an internal service provider (ISP) exists and has confirmed that they can carry out the works. Therefore work is to be undertaken by Parks and Countryside Parks & Countryside who will act as a principal contractor

utilising the support of specialist subcontractors for specific design and construction elements that cannot be delivered by an internal service provider due to the specialist nature of the refurbishment. The appointment of the specialist subcontractors will be the subject of a waiver report.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1 Customer feedback from Trip Advisor shows that 92% of reviews were 3* and above before reopening and this increased to 96% from reviews after the attraction was reopened. Comments received include 'tropical paradise', 'one of the best' and 'educational, low cost day out for the kids'.
- 4.2 A consultation process has been undertaken on proposal for development of the visitor attraction displays at Tropical World. The salient observations from that process are included in the below bullet points;
- 92% of people surveyed felt that the type and style of development that was implemented in the aquarium should be replicated in other parts of Tropical World.
 - 97% of people surveyed wanted future developments to provide a more immersive experience in which people could feel closer to the animals.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Due consideration has been given to the needs of minority groups, as required under equality legislation, in the formation of the design to this point. Consideration has been given to ensuring that the attraction is developed in a manner that improves the visibility of attractions and will include proposals to update and enhance onsite interpretation. A screening document has been prepared for this decision and due regard has been given to this within the context of the independent impact assessment that has already been carried out for the whole estate.
- 4.2.2 In support of the above statement, it is felt that the proposal doesn't affect how services and/or procurement activities are organised, provided, or located. The service is not seeking to change the way in which a service is delivered to the public since the requirement is simply to re-theme and remodel existing attractions. Furthermore, the changes made will have no discernible negative effects on service users, and will provide only benefits to those using the site in terms of improved service provision.

4.3 Council policies and the Best Council Plan

- 4.3.1 This project complies with various Council policies and strategies relevant to improving the city and overall level of service provision. The main documents are referred to below;
- 4.3.2 The Vision for Leeds 2011 to 2030 sets out a revised vision for the city with the specific objective for Leeds to be the best city in the UK by 2030. In establishing this vision one of the top priorities to emerge from consultation was for the city to be

a cleaner greener city. Aspects of this priority can be found in all of the areas in which the vision is intended to make a difference, although specific reference can be made to the commitment within the vision for Leeds to be the best city to live with good green spaces where everyone can enjoy a good quality of life. Developing this capital project will unquestionably enhance one of the city's major park attractions to the benefit of all residents and those immediate communities who utilise these spaces as a community green space.

- 4.3.3 The proposals contained in this report contribute to the Best Council Plan ambition of becoming a more efficient and enterprising council. These improvements also support the Best Council Plan 2016/17 priorities of 'Enhancing the quality of our public realm and green spaces' with increased visitor numbers 'Supporting economic growth'.
- 4.3.4 The ambitious plans for the continued development of attractions including Tropical World will lead to an improved visitor experience but also increased visitor numbers and therefore the improved sustainability the estate.

4.4 Resources and value for money

- 4.4.1 The principal aim of the next phase of development proposed at Tropical World is to present a coherent, coordinated and visually stunning series of redevelopments that can be rolled out to the different 'zones'. It is anticipated that Capital investment to the value of £650k would be needed to complete this process and Executive Board agreed to the principle of incurring capital expenditure on attractions including Tropical World as a catalyst for growth in revenue.
- 4.4.2 Phase 1 includes the development of creature corner and the waterfall house and the cost of developing these two houses in parallel is £193.6k. Funding for improvements proposed in phase 1 is to be made up of transfer of funds to the value of £28.1k from the capital scheme 16504\AQU\000 which is residual funding from the initial development work; A further injection of £99.5k is requested from receipts held on account within existing parks and countryside budgets; The residual balance will be made up from unsupported prudential borrowing to the value of £66k.

4.5 Capital Funding and Cash Flow.

| Authority to Spend required for this Approval | TOTAL £000's | TO MARCH 2016 £000's | FORECAST | | | | |
|---|-----------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | 2020 ON £000's |
| LAND (1) | 0.0 | | 0.0 | 0.0 | | | |
| CONSTRUCTION (3) | 188.6 | | 178.6 | 10.0 | | | |
| FURN & EQPT (5) | 0.0 | | 0.0 | 0.0 | | | |
| DESIGN FEES (6) | 5.0 | | 5.0 | 0.0 | | | |
| OTHER COSTS (6) & (7) | 0.0 | | 0.0 | 0.0 | | | |
| TOTALS | 193.6 | 0.0 | 183.6 | 10.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | |
| Total overall Funding (As per latest Capital Programme) | TOTAL £000's | TO MARCH 2016 £000's | FORECAST | | | | |
| | | | 2016/17 £000's | 2017/18 £000's | 2018/19 £000's | 2019/20 £000's | 2020 ON £000's |
| LCC Unsupported Borrowing | 66.0 | | 56.0 | 10.0 | | | |
| Gifts Bequests & trusts | 28.1 | | 28.1 | 0.0 | | | |
| Residual grant | 99.5 | | 99.5 | 0.0 | | | |
| Total Funding | 193.6 | 0.0 | 183.6 | 10.0 | 0.0 | 0.0 | 0.0 |
| | | | | | | | |
| Balance / Shortfall = | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

4.5.1 Revenue Effects.

4.5.1. The basis on which Executive Board supported the principle of using capital funding to support the development of Tropical World, was on a spend to save basis. It is projected that by 2019/20 additional net revenue of £445k per annum could be generated which would be directly and indirectly attributed holistic development proposed at this site.

| REVENUE EFFECTS | 2016/17 £000's | 2017/18 and SUBSEQUENT YEARS £000's |
|---------------------------|-------------------|--|
| EMPLOYEES | | 0.0 |
| PREMISES COSTS | | 0.0 |
| SUPPLIES & SERVICES | | 0.0 |
| EXTERNAL INCOME GENERATED | | 445.0 |

4.6 Legal Implications, Access to Information and Call In

4.6.1 The decisions taken within this report constitute a significant operational decision and as such the decision is not eligible for call in.

4.7 Risk Management

4.7.1 This project will be managed and delivered by the relevant internal service provider and will be project managed by the Parks and Countryside service with due regard given to risk management through project governance.

5 Conclusions

5.1 The work undertaken to develop Tropical World in the initial phase of development has led to significant improvements in the all-round offer at Tropical World and as a consequence there was a positive impact on revenue generation. In the full trading year post development, total income increased by 112% from £1,060k pre commencement to £2,245k post completion.

- 5.2 The proposals contained within this report set out the first phase in a future programme of investment that will commence in 2016/17 and complete in 2019/20 and involve 3 separate phases of development. The work proposed for development in phase one will include an overhaul of the waterfall house and creature corner. The proposals that have been developed to achieve this objective will require capital funding to the value of £193.6k with vast majority of work scheduled for completion by February 2017.

6 Recommendations

The Deputy Chief Executive is requested to;

- i) Approve the injection of £66k into capital scheme 32648 from unsupported prudential borrowing.

The Chief Officer Parks and Countryside is requested to;

- i) Is requested to approve the transfer of funds to the value of £28.1k from the capital scheme 16504\AQU\000 into capital scheme 32648.
- ii) Approve the injection of £99.5k into the capital programme from residual grants held on account within the Parks and Countryside budget into capital scheme 32648.
- iii) Provide authority to spend on capital scheme 32648 to value of £193.6k,
- iv) That the Senior Projects Officer Parks and Countryside be responsible for implementing the recommendations within this report and ensuring that the necessary capital works are implemented and completed promptly.

7. Background documents¹

¹ The background documents listed in this section are available for download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.