

Report of: Senior Project Manager

Report to: Chief Officer Parks and Countryside

Date: 1st December 2016

Subject: Waiver to support bespoke themeing work at Tropical World and Lotherton Hall.

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Roundhay Park and Harewood		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

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.

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 as well as developing proposals to transform Lotherton Bird Garden. This will include the following;
 - 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.
 - Lotherton Hall Bird Garden: undertake a renovation of the bird garden that will transform the area into a modern, engaging and exciting visitor attraction that will facilitate the presentation of a much more diverse collection of animals including penguins.
4. The above approach was approved by the councils Executive Board with the following recommendations being agreed;
 - Executive Board approve the principle of incurring expenditure to an estimated value of £3.1m to deliver the improvements to attractions that are outlined in this report and that each phase of development at each site is subject to separate approvals once detailed design and cost estimates are in place.
 - To implement proposals outlined in this report that will continue the themed development of the visitor attraction elements of the Arnold and Marjorie Ziff Tropical World.
 - To develop plans and gain any necessary consent that may be required to implement the proposals outlined in this report relating to the development of Lotherton Hall Bird garden.
5. Within the report to Executive Board the Parks and Countryside service outlined set out the following position regarding the development of proposals at Tropical World and Lotherton Hall; *"It is intended that Parks and Countryside will lead on the development process at both Tropical World and Lotherton Hall and in terms of procurement will do so as the appropriate internal service provider. Due regard will be given to contract procedure rules in the process of procuring or enlisting any specialist support."*
6. This approach has been successfully implemented previously when delivering the improvements to the aquarium space at Tropical World, which was delivered on time, on budget and to the acclaim of users. Initial phases of work at both Tropical World and Lotherton Hall will require specialist support to theme and design exhibits and attractions to establish new displays and also in revamping existing attractions. It is necessary to deliver this work within a restricted timescales meaning working knowledge of the site is necessary and also to ensure that new developments mirror existing ones to ensure continuity of presentation. DCR theming have been engaged previously to support in this exercise and meet these criteria. The proposal is therefore to engage this company to deliver initial phases in partnership with the Parks and Countryside service who will act as both service commissioner and internal service provider.

Recommendations

The chief officer Parks and Countryside is recommended to approve the waiver of the following contracts procedure rule(s):

- Contracts procedure rule no 3.1.15 – requirement to use the council's standard tender documents
- Contracts procedure rules no 8.1 and 8.2 – intermediate value procurements*
- Award a contract to DCR Theming Ltd in the sum of £95'000. The contract shall commence on the 5th December 2016 and expire on the 1st April 2018 with the option to extend for a period of 12 months such option not to be taken up more than once.

1 Purpose of this report

- 1.1. This report requests authorisation to waive CPRs 3.1.15, 8.1 and 8.2 to allow deviation from standard procurement procedure and enable Parks & Countryside to act as principal contractor and utilise external subcontractor DCR Theming Ltd for specialist design consultation and construction. The value of the work to be undertaken in initial phases at both sites is estimated at £95'000k.

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.

- 2.4 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. 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 at a number of sites as outlined in the below bullet points:
- 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.
 - Lotherton Hall Bird Garden: undertake a renovation of the bird garden that will transform the area into a modern, engaging and exciting visitor attraction that will facilitate the presentation of a much more diverse collection of animals including penguins.
- 2.5 These attractions and the broader estates are part of the fabric of the city attracting approximately 10 million visits per annum from Leeds residents, as well as generating further visits from the across the city region. At present this broad statistical analysis of the total number of visits, translates into circa 670,000 admissions to the fee paying attractions at Tropical World, Home Farm and Lotherton Hall. The aspiration and vision is to build on the success at Tropical World and increase this number to circa 820,000 by 2020/21. It is considered that this can be achieved by improving the scope, standard and visitor experience at each attraction which will support in broadening the appeal and equally the enjoyment experienced by those visiting each attraction. Capital investment to the value of £3.1m would be required to provide transformational change at each of the three attractions and the potential exists for this investment to act as a catalyst for the delivery of a net saving of £765k per annum by 2020/21 which will help support services.
- 2.6 The ambitious plans for these attractions will lead to an improved visitor experience but also increased visitor numbers and therefore improved sustainability at each estate. When considered holistically 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'.
- 2.7 The above approach was approved by the councils Executive Board with the following recommendations being agreed;
- Executive Board approve the principle of incurring expenditure to an estimated value of £3.1m to deliver the improvements to attractions that are outlined in this report and that each phase of development at each site is subject to separate approvals once detailed design and cost estimates are in place.

- To implement proposals outlined in this report that will continue the themed development of the visitor attraction elements of the Arnold and Marjorie Ziff Tropical World.
- To develop plans and gain any necessary consent that may be required to implement the proposals outlined in this report relating to the development of Lotherton Hall Bird garden.

2.8 Within the report to Executive Board the Parks and Countryside service outlined set out the following position regarding the development of proposals at Tropical World and Lotherton Hall; *"It is intended that Parks and Countryside will lead on the development process at both Tropical World and Lotherton Hall and in terms of procurement will do so as the appropriate internal service provider. Due regard will be given to contract procedure rules in the process of procuring or enlisting any specialist support."*

3 Main issues

3.1 Reason for contracts procedure rules waiver

- 3.1.1 Given the nature of the work proposed at both sites, specialist support is needed for the construction, development and theming of each display including new elements to existing along with the development of bespoke new attractions and displays. Prior improvements to key visitor attractions have been undertaken by the Parks & Countryside service acting in the capacity of principal contractor whilst 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.
- 3.1.2 The budget for both projects is clearly defined and the support enlisted by specialists is to undertake isolated work streams only and is being undertaken in partnership with the Parks and countryside service who are acting as internal service provider. This approach delivers efficiencies and improved value for money given that the client is acting as internal service provider, meaning there is direct benefit from the final development being delivered to best quality and in the most efficient manner possible. Value for money and cost minimisation are therefore given absolute priority in the direct consequential impact on its budget.
- 3.1.3 In order to expedite the renovation process, it is advantageous and beneficial for those specialist contractors who are supporting the internal service provider to have prior experience of the site and its challenges. Following extensive market sounding exercise and an ultimately failed procurement exercise that did not deliver any tenders, DCR Theming Ltd were identified as a specialist subcontractor who could deliver the necessary support to facilitate the completion of prior refurbishment projects. This approach delivered success outcomes as evidence from 2.1 and 2.2 above and furthermore the project work was completed on time and within budget. It is anticipated that employing the same specialist support at Tropical World and at Lotherton Hall, where specialist display theming support is needed both in terms of design and construction, will lead to expediency of delivery and improved value for money.

- 3.14 Further advantages from this approach are realised at Tropical World where the principal aim of the next phase of development 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 but the focal point of all future development will be the Aquarium and the initial developments.
- 3.1.4 In the developing the next stages of progression at Tropical World that principle of continuity is key. Phase 1 of the latest redevelopment proposals will focus on 2 distinct areas the waterfall house and creature corner both of which are adjoined to the already developed aquarium space. For example the main entrance to the Waterfall 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. A similar situation exist with creature corner which is reached via the waterfall house and is above developed aquarium.

3.2 Consequences if the proposed action is not approved

- 3.2.1 If the proposed action is not approved, then this will result in the completion date of April 2017 for the first phases of work at Tropical World and Lotherton Hall will not be achieved. This will have significant adverse revenue impacts and will extend and protract the refurbishment of a valued and used visitor attraction.
- 3.2.2 It is intended that to minimize the closure period of both attractions whilst refurbishments are being undertaken, several elements of work shall be completed simultaneously. If these actions are not approved, then other planned works shall go ahead and the refurbishment of the aquarium shall follow at a later date, therefore prolonging the closure period and may result in closure over a school holidays causing significant consternation among regular visitors and having significant negative revenue impacts.

3.3 Advertising

- 3.3.1 This procurement was not advertised and it was not considered either necessary, attractive nor practical to consider an EU procurement in this instance.

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.
- 4.3 We know from work into customer insight that 68% of people visiting Lotherton Hall will use the Bird Garden. To assist in informing the design and feasibility process at Lotherton, consultation was undertaken with customers via an online platform as well as undertaking a focussed development day to engage with staff to ascertain their ideas.
- 4.4 The salient outcome from this consultation process are highlighted below;
- 64% felt it would be a positive idea to include other appropriate animals in enclosures with some of the birds.
 - 72% expressed a desire to landscape the enclosures and buildings with natural materials and colours to reflect the native environment of the birds
 - 55% of people surveyed felt it was important to improve hand wash and toilet facilities.
- 4.4 No consultation was undertaken on the decision to waive contract procedure rules as the value of the procurement undertaken was less than specified in contract procedure rule 3.1.12.1.

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. The decisions taken to waive contract procedure rules have no discernible impact in the EDCI issues.

4.3 Council policies and best council plan

- 4.3.1 When considered from an holistic the projects referenced and relating to this waiver 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

- 4.1.1 In total, it is anticipated that £3.1m would be required to provide transformational change at each of the three attractions. The below table provides a summary of phasing of works at each site along with the indicative costs of refurbishment and development;

Parks & Countryside Attractions						
Expenditure Required on the scheme	Total £000's	Fore cast				
		2016/17 £000's	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 on £000's
Tropical World	650.0	200.0	130.0	-	320.0	-
Lotherton Hall	1,205.0	500.0	320.0	385.0	-	-
Home Farm (Temple Newsam)	1,300.0	-	1,300.0	-	-	-
Total	3,155.0	700.0	1,750.0	385.0	320.0	-

- 4.1.2 A business plan has been drafted which supports the principle of financing these developments predominately through the use of unsupported prudential borrowing. Based on the principle of applying an invest to grow methodology, it is considered that the potential exists to generate additional revenue to the value of £1m per annum by 2020/21 with investment in each attraction acting as a catalyst for growth. The below table provides a summary of the level of net saving anticipated set against expenditure including financing costs;

	16/17	17/18	18/19	19/20	20/21
	£000s	£000s	£000s	£000s	£000's
Additional Expenditure, including costs of borrowing	50.2	206.4	249.7	263.2	263.2
Total Additional Income	0	439.2	727.9	747.4	1028.5
Net saving	-50.2	232.8	478.2	484.2	765.3

- 4.1.3 In essence it is anticipated that a capital investment of £3.1 million will deliver a net saving of £765k per annum by 2020/21. The business case is predicated on increased income being achieved at each attraction. At present admissions numbers are 670,000 at Tropical World, Home Farm and Lotherton Hall and the aspiration and vision is to build on the success at Tropical World and increase this number to circa 820,000 by 2020/21.
- 4.1.4 At each attraction and in each phase the quality and scale improvements proposed within a given financial year will be both significant and considerable. Therefore following the completion of each stage of development, an appraisal of the cost of entry will be undertaken with a view implementing a proportionate increase in price. Any decision to increase price will be subject to a separate delegated decision by the Chief Officer Parks and Countryside prior to implementation and in each case due regard will be given to ensuring existing concessionary discounts remain in place and that barriers to entry are not established.
- 4.1.5 It is acknowledged that an invest to save approach does include an element of risk and therefore sensitivity analysis has been undertaken on the impact of a 5% and 10% reduction on the projected attendance numbers. Should these circumstances materialise, it remains financial viable to proceed with improvements at each site. Budgeted revenue savings have been made in light of the projected outcomes in the business plan, should admission numbers be 10% lower than projected the committed budget saving remain achievable. Conversely should the net savings projected in be realised the Parks and Countryside service will be able to make a further contributions towards the councils budget. There is even less risk that the maximum additional borrowing costs of £243k per annum will not be met. Notwithstanding the financial impact it should be borne in mind that one clear tangible outcome of investment will be a vastly improved visitor attraction.
- 4.1.6 This waiver report has already identified the value for money gain by enlisting specialist support to compliment the work being undertaken by the internal service provider, when set within the context of the above the positive resource implications of progressing with project and procurement are evident.

4.5 Legal implications, access to information and call-in

- 4.5.1 This report is not eligible for call in due to the proposed award value, and as a result is considered a 'Significant Operational' decision.
- 4.5.2 The first phases of development at both Tropical World and Lotherton Hall have been designed in detail and fully cost appraised. Future phases of development may require the completion of detailed design proposals and confirmation of cost identified at the feasibility stage of the design process. Due regard will be given to ensuring that

future phases of work are value engineered and delivered within the approved funding envelope.

- 4.6.2 Given in house expertise at both sites and the experience gained in successfully developing Tropical World, work proposed as part of this redevelopment to re-theme and decorate new and exists exhibits at both Tropical World and Lotherton Hall will be undertaken by the Parks and Countryside service with the support of specialist contractors who have existing knowledge of the site and its specific systems. There is a risk of coordination issues arising between the ISP and the selected specialists this will be mitigated through a joint partnership approach to undertaking work on site.

4.6 Risk management

- 4.6.1 The individual subcontractors Parks & Countryside wish to utilise are more than qualified to provide the services we need to deliver this scheme successfully. They have significant experience in pertinent disciplines and have appropriate insurances to cover their work DCR theming Ltd have successfully delivered projects at Sea Life, London Zoo, Blackpool Zoo and Knowsley Safari Park among many others. The work they provide will cover all the constituent elements necessary where no internal service providers have the knowledge or experience to deliver. DCR themeings knowledge of working in partnership with the internal service provider and of individual circumstances associated with working at both sites reduces the risk of issues arising due to knowledge and continuity. When considered in the round with the extensive experience of delivering schemes of this type, the risk associated with delivering this scheme are minimal.

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 an approach to continue with the development of Tropical World and commence the same process of development at Lotherton hall using the same proven delivery method.

6 Recommendations

- 6.1 The chief officer Parks and Countryside is recommended to approve the waiver of the following contracts procedure rule(s):
- Contracts procedure rule no 3.1.15 – requirement to use the council's standard tender documents
 - Contracts procedure rules no 8.1 and 8.2 – intermediate value procurements*

- Award a contract to DCR theming in the sum of £95'000. The contract shall commence on the 5th December 2016 and expire on the 1st April 2018 with the option to extend for a period of 12 months such option not to be taken up more than once.

7 Background documents

7.1 None