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Agenda Item No.

REPORT TO: Director of Economy, Environment and Housing

DATE: 10 August 2021

SERVICE AREA: Place-shaping & Economic Growth
Harrogate Convention Centre

REPORTING OFFICER: Economy and Transport Officer
Rebecca Micallef

SUBJECT: **Award of Contract for Business Planning Updates, Economic Impact Assessment and Full Business Case Development for Harrogate Convention Centre Redevelopment Project**

WARDS AFFECTED: All District

FORWARD PLAN REF: 39ED21

1.0 PURPOSE OF REPORT

1.1 To outline the procurement exercise undertaken and seek approval to award a contract for business planning updates, an Economic Impact Assessment and Full Business Case development to support the Harrogate Convention Centre redevelopment project.

2.0 RECOMMENDATIONS

2.1 To note the outcome of the procurement exercise and the conclusion of the tender evaluation for the following work in support of the Harrogate Convention Centre (HCC) redevelopment project:

- Business planning updates in relation to HCC operation of the asset for Phases 1 and 2 of the proposed redevelopment;
- An Economic Impact Assessment (EIA) in relation to all phases of the proposed redevelopment; and
- A Green Book compliant Full Business Case for Phase 1 and updated Outline Business Case for Phases 2 and 3.

2.2 To agree to the appointment of the winning bidder to carry out this work in line with their proposal dated 28 June 2021, as included at Appendix 1.

3.0 RECOMMENDED REASONS FOR DECISIONS

3.1 This work is required to;

- update and further develop the work already completed in relation to the HCC redevelopment project;
- inform a significant Council investment decision; and
- support grant funding applications for external funding to government and Local Enterprise Partnerships to enable delivery.

3.2 A further competition exercise has been completed and, despite only receiving 1 bid, the tender evaluation has concluded that the bidder's proposal is excellent overall.

3.3 This further work to support the HCC redevelopment project is time critical so that an investment decision can be reached before the deadline of Local Government Reorganisation.

4.0 ALTERNATIVE OPTIONS CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 To not undertake this work is not an option. Business planning updates are required to understand the changes required since initial work was completed, not least to consider the impact of Covid-19 on HCC's business strategy, the wider industry and the redevelopment proposals. A Full Business Case and Economic Impact Assessment is necessary in order to inform Council investment decisions and to secure external funding support for the project.

5.0 THE REPORT

5.1 As part of the Harrogate Convention Centre redevelopment project, the Council is seeking to award a contract for business planning updates, an Economic Impact Assessment and Full Business Case development.

5.2 The work will include:

- Business planning updates in relation to HCC operation of the asset for Phases 1 and 2 of the proposed redevelopment;
- An Economic Impact Assessment (EIA) in relation to all phases of the proposed redevelopment; and
- A Green Book compliant Full Business Case for Phase 1 and updated Outline Business Case for Phases 2 and 3.

5.3 The Award decision is delegated to the Director of Economy, Environment and Housing, in consultation with the Head of Legal & Governance, in accordance with the delegation agreed by Cabinet on 29 July 2020 and the revised budget agreed as part of the Capital & Investment Programme Report on 23 June 2021 (both referred to Council for final approval).

5.4 HCC is a vital economic driver for the Harrogate district and wider region, providing a unique offer for the conference and exhibition market. The

redevelopment of the venue offers the potential to deliver an exciting and major transformational project and is critical to the Covid-19 economic recovery plan for Harrogate district.

- 5.5 By investing in the future of one of Harrogate's key town centre assets, the redevelopment project seeks to ensure that HCC can continue to operate successfully, enhance its profitability, compete against other facilities, contribute to wider town centre economic growth and regeneration ambitions and maximise its beneficial impact across the region and beyond.
- 5.6 An initial feasibility and Outline Business Case to investigate the options for the Convention Centre site was completed in Summer 2018 but a subsequent review of the commercial case for redevelopment and update of the Business Strategy lead to a revised redevelopment solution. Some further feasibility and due diligence has been undertaken but it is the detail of this redevelopment proposal that we are now seeking to progress.
- 5.7 In order to manage cost, risk and delivery, it is proposed that the redevelopment of the Convention Centre can be achieved over two key stand-alone phases, with a possible longer-term Phase 3. Phase 1 is currently being progressed as priority.
- 5.8 Following a competitive procurement process, the Council recently appointed a design team, led by Arcadis, to progress Phase 1, initially to RIBA Stage 3.
- 5.9 The Council is now seeking to commission a business planning update, an Economic Impact Assessment and Full Business Case in order to fully understand the viability of the phased redevelopment project and enable a fully informed investment decision to be made. The work will look in detail at the wider economic impact of the redevelopment proposals on Harrogate, the district and beyond and help us to better understand the implications of Covid-19 on the industry and therefore the case for investment. Funding has not yet been identified for the delivery of the proposed redevelopment and this work will play a crucial part in supporting bids for external funding.
- 5.10 The need for this work to support the project, as well as a budget to support its delivery, was agreed by Cabinet on 29 July 2020. Soft Market Testing however identified a likely additional budgetary requirement. This has now been accommodated through underspend on other elements of the project and an additional allocation agreed through the Quarterly Capital Monitoring Report mechanism.

Procurement and Tender Evaluation

- 5.11 Because of the close relationship between different elements of this commission, it is anticipated that all activities will be undertaken by one multidisciplinary consultancy team.
- 5.12 The Council sent a Request for Information document (RFI) out to four specialist consultancy organisations, and successfully engaged with two of these, as agreed with HCC, through a soft market testing exercise in May 2021.

The purpose was to obtain a clear understanding of the timescales required and to ensure that the full 3 phase scope of the services could be delivered by one organisation.

This process also assisted the Council in identifying the budget required to deliver the work.

The RFI sent out is contained within Appendix 2.

- 5.13 After Procurement alongside service area carried out market engagement, it was determined that the best route to market would be A Further Competition via the Crown Commercial Services (CCS) Managed consultancy framework (MCF) Lot 2 finance Ref: RM3745. This framework has a number of specialist suppliers listed that demonstrated the relevant experience required within the convention and exhibition sectors.

Expressions of Interest was carried out with all 22 suppliers on the Lot, of those, 6 suppliers expressed interest in competing. 1 response was received and evaluated.

- 5.14 The evaluation criteria consisted of a price:quality ratio of 40:60%, as well as multiple threshold pass/fail questions. The quality criteria was measured based on methodology (with consideration of Government and LEP evaluation criteria and understanding of the local funding landscape and levelling up agenda), proposed timescales and previous experience of working in the convention/exhibition sectors.

The Evaluation Panel included the Director of HCC, Strategic Projects Surveyor and the Economy & Transport Officer and, despite only receiving 1 bid, the tender evaluation has concluded that the bidder's proposal is excellent overall, with a quality score of 54% out of the maximum 60%.

As well as submitting an excellent bid, the bidder has a significant amount of experience of this kind of work with similar industry projects.

- 5.15 A price comparison is not possible due to only receiving 1 bid. However, it is noted that the preferred tender cost does align with that suggested as reasonable through the soft market testing exercise.
- 5.16 The winning bidder's Project Team has been reserved on Retain for this Contract and are available to commence the work immediately upon appointment.
- 5.17 The outcome of this work is due to be reported to Council by March 2022 in order to align with the expected timescales for Local Government Reorganisation. The outputs from this work will therefore be completed by 31 January 2022 to inform internal governance and decision-making. The completion of the contract will be 31 March 2022.
- 5.18 It should be noted that, upon completion of this work and the design work currently being led by Arcadis, Cabinet will receive a report back detailing

the costs and business case for Phase 1 prior to a Council decision whether to proceed with construction.

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

6.2 Financial Implications

Funds for this work were agreed by Cabinet on 29 July 2020 with additional funds agreed as part of the Capital & Investment Programme Report on 23 June 2021 (both requests being referred to Council for final approval).

6.3 Legal & Procurement Implications

Procurement have been consulted in respect of this report. The award of the contract to the winning Bidder via the CCS MCF framework agreement is a compliant route to market. All suppliers on the framework have already been through a competitive procurement exercise in order to be awarded a place on the respective framework. The framework is a fully OJEU compliant route to market and complies with the Public Contracts Regulations 2015, and the council's CPR's.

Legal advice has been sought throughout this project and legal services have been fully involved in advising on the procurement process and contract documents.

7.0 CONCLUSIONS

7.1 The redevelopment of the HCC site offers the opportunity to modernise facilities and to turn the financial performance of the centre around, not only to support the convention centre business per se, but to ensure that the venue can continue to deliver town centre economic growth and regeneration ambitions and serve as a key driver of the Harrogate and regional economy. Investment will help to ensure that HCC can both sustain and enhance its position within the market place, support the levelling up agenda and ensure that the economic benefits that this delivers to the wider economy are maximised.

7.2 This report outlines the need for business planning updates, an Economic Impact Assessment and Full Business Case development to support the Harrogate Convention Centre redevelopment project and sets out the tender exercise undertaken.

7.3 Whilst only one bid was returned, a full evaluation has been undertaken which has confirmed the high quality of the bid received.

- 7.4 In order that the timescales for this work can be achieved, the appointment of this contract should not be delayed.
- 7.5 It is therefore recommended that the preferred bidder as set out at Appendix 1 are appointed to carry out this work in line with their proposal dated 28 June 2021.

Background Papers:

Appendix 1 – Exempt – Tender Evaluation, July 2021

Appendix 2 – [Request for Information document](#)

OFFICER CONTACT: Please contact Rebecca Micallef, Economy & Transport Officer, if you require any further information on the contents of this report. The officer can be contacted by telephone on 01423 556051 or by e-mail at rebecca.micallef@harrogate.gov.uk