

North Yorkshire Council

Executive

4 February 2025

Soft Market Testing Exercise for Scarborough North Bay

Report of the Corporate Director of Resources and Corporate Director of Community Development

1.0 PURPOSE OF REPORT

- 1.1 To agree the launch of a soft market testing exercise in relation to the Alpamare waterpark and undeveloped land at Scarborough's North Bay, in order to inform the council's future proposals for the sites.
- 1.2 To agree the sites proposed for inclusion in the soft market testing exercise.
- 1.3 To agree the Council's objectives for the potential future redevelopment of the sites.

2.0 SUMMARY

- 2.1 This report provides details of a proposed soft market testing exercise to inform future proposals for undeveloped land at Scarborough's North Bay and the Alpamare waterpark, which are all in the Council's ownership. The primary goal of the market testing exercise is to inform the Council on future opportunities and market interest in the sites and guide the Council in taking forward proposals that might best capture our objectives for them.
- 2.2 The Executive is asked to approve the inclusion of six specific sites within the soft market testing exercise, as well as agree the Council's proposed objectives for the sites; noting that the stipulated objectives will shape any proposals that come forward from the market.

3.0 BACKGROUND

- 3.1 The Council has significant land holdings in the Scarborough North Bay area, a number of which are sites that currently stand vacant and undeveloped. These vacant sites are considered to be strategically important not least due to their location, size and scale.
- 3.2 A number of the sites were previously included in a Scarborough Borough Council Development Agreement dating back to 2002, however that agreement has now lapsed and the Council retains unencumbered freehold ownership of the sites. The previous Development Agreement secured the delivery of the Alpamare waterpark and a funding contribution towards the Scarborough Open Air Theatre, as well as delivering commercial development and accommodation in the North Bay area.

- 3.3 The Council took possession of the Alpamare waterpark by way of forfeiture in December 2023. On taking possession there was an aspiration for the waterpark to become operational for the 2024 core summer season and in April 2024 the council launched an informal tender exercise to secure its short-term operation. It was noted at that time that opportunities might be presented if the longer-term proposals for the waterpark were considered alongside the other undeveloped North Bay sites that were in the Council's ownership.
- 3.4 On 21 May 2024 the Executive approved the selection of Flamingo Land Resorts Limited as the preferred bidder for the waterpark and the Council subsequently entered into a 12 month lease with Flamingo Land, with an option for a further 12 month extension. The waterpark was successfully reopened to the public in July 2024. Flamingo Land continues to operate the waterpark and have expressed an interest in continuing to do so for a further 12 months while the council determines its longer-term aspirations for the waterpark and surrounding North Bay area.
- 3.5 Despite the previous North Bay Development Agreement stalling the area remains a popular destination for residents and tourists, and the Council's vacant sites provide an ideal opportunity for securing development and growth within the Scarborough locality. To realise these opportunities the Council is looking to launch a soft market testing exercise, with a view to engaging with private developers and gaining an understanding of market interest and future development potential for the sites. This exercise will ultimately inform, and be used to shape, a future disposal strategy for the sites.
- 3.6 The soft market testing documents will stipulate the sites proposed for inclusion within the exercise as well as the Council's future objectives for the sites. The primary aim of any redevelopment is to drive economic prosperity within the locality while retaining the character of the North Bay area.
- 3.7 Subject to Executive's approval of the proposals contained within this report the soft market testing will launch in mid-February and run for a four to six week period. The responses received will be assessed and used to inform the Council's disposal approach for the sites, with updates being presented to Members later in the year.

4.0 SITES PROPOSED FOR INCLUSION IN THE SOFT MARKET TESTING EXERCISE

- 4.1 A plan of the North Bay area is shown below. The sites specifically proposed for inclusion within the soft market testing exercise are highlighted on the plan and are as follows:
- Site 1: North Bay Gateway – Formerly Atlantis Waterpark
 - Site 2: Scarborough Heights – Formerly Marvel's amusement park
 - Site 3: Northstead Gardens – Formally Kinderland
 - Site 4: Former Indoor Pool & Off-street Car Parking
 - Site 5: Alpamare Waterpark & Off-street Car Parking
 - Site 6: Footpaths



4.2 In addition to the sites detailed above the Council owns the freehold interest of other notable and pivotal sites and attractions within the North Bay area, including:

- North Bay Miniature Railway
- Open Air Theatre
- Peasholm Park

4.3 The continued operation and success of these sites is deemed to be of utmost importance to the Council, and one of the proposed objectives for the vacant sites is that they be used to support development that is complementary to these adjacent existing uses.

4.4 In addition to sites within the North Bay the Council has other significant landholdings within the Scarborough area. The soft market testing exercise will be used to gauge whether there might be developer interest, and additional benefits, in including a wider package of development sites when the Council ultimately goes out to market to secure a development partner(s).

5.0 PROPOSED OBJECTIVES

5.1 As well as providing information on the sites proposed for inclusion within the soft market testing exercise the accompanying documents will set out the Council's future objectives for the sites. These objectives will be taken into account by interested parties and will shape and impact any proposals put forward.

5.2 The proposed objectives are as follows:

- to deliver a **viable long-term development**, which enables effective cross-subsidising of sites in scope and **seeks to maximise economic benefits** for the local area and **deliver significant financial returns** to the Council.
- To **utilise North Bay's natural capital** and **promote high quality development** to create an identity for the North Bay area, which **provides a valuable contrast to the more traditional 'seaside town' nature of South Bay.**

- To deliver **development that is complementary to the adjacent existing uses** within the North Bay, such as the Open-Air Theatre, North Bay Railway and Peasholm Park.
- To **drive economic benefit through development that supports the visitor offering** of Scarborough and the wider area.
- To **continue the operation of a water park** as one of the long-term attractions in the North Bay area.

5.3 In addition to the above the soft market testing brief will outline the following eight questions for interested parties to complete:

1. Please provide a **brief overview of your organisation and set out similar projects** you have developed / invested in / operated and your specific role on these projects (please keep responses to no more than 1,000 words).
2. What are your **general thoughts on the sites and their potential and what do you see as the key opportunities and constraints** of the project? Interested parties are welcome to submit plans, sketches, diagrams etc to support any response.
3. **Would your interest in the opportunity be limited to a particular site or group of sites**, or would you prefer to develop the included North Bay sites as a whole?
4. With the Council's objectives for the North Bay in mind (and particularly noting the viability requirement), **what types of uses do you think would work and are there specific sites that suit some uses better than others?**
5. What are your **thoughts about inclusion of the Alpamare water park site** within this package of sites?
6. What is your **view on the most appropriate delivery route to secure the best outcomes for the project** (e.g. Development Agreement, Joint Venture) and what do you see as being the key role for the Council within this?
7. What are the **critical elements** of the scheme for you? **What could deter your organisation from competing** in a procurement process?
8. Do you think there is **merit in the Council including wider Council owned Scarborough sites within any future procurement** / development opportunity, noting that they could form part of the portfolio of a longer-term partnership opportunity.

6.0 FINANCIAL IMPLICATIONS

- 6.1 A proposed Council objective is that the sites in scope of the soft market testing exercise "deliver significant financial returns to the council". These returns might come in the form of one-off capital sums or longer-term revenue receipts.
- 6.2 The market testing exercise, and Council's proposed disposal strategy will further inform what financial returns might be achievable from the sites.

7.0 LEGAL IMPLICATIONS

- 7.1 The Council has the ability to undertake development schemes by virtue of its General Power of Competence under the Localism Act 2011 as well as the well-being provisions of the Local Government Act 2000.
- 7.2 The soft market testing will be carried out formally in accordance with relevant procurement legislation but is not a formal tender exercise. Any future disposal strategy for part or all of the sites will need to recognise the Council's legal obligations in procurement legislation, the disposal of land and subsidy control legislation, as well as the Council's own Procurement and Contract Procedure Rules and Property Procedure Rules.
- 7.3 The Council's freehold title to North Bay site has a unilateral notice registered against it which relates to the elapsed Development Agreement and formal developer. A condition of any future development will be the removal of this notice.

8.0 EQUALITIES IMPLICATIONS

- 8.1 An equalities impact assessment has been undertaken and identified no negative impacts on people with protected characteristics. The assessment is attached in Appendix A.

9.0 CLIMATE CHANGE IMPLICATIONS

- 9.1 A climate change impact assessment has been undertaken and is attached as Appendix B.

10.0 REASONS FOR RECOMMENDATIONS

- 10.1 To set the objectives for the redevelopment of the remaining parcels of land at Scarborough North Bay and seek feedback, through a soft market testing exercise, that will inform future proposals for the area including the future operation of the waterpark.

12.0 RECOMMENDATION(S)

For the Executive to:

- i. approve the objectives of the Soft Market Testing exercise for Scarborough North Bay (Section 5.2)
- ii. approve that officers launch soft market testing for Scarborough North Bay;
- iii. approve the inclusion of sites 1 to 6 within the scope of the North Bay Soft Market Testing exercise:
Site 1: North Bay Gateway – Formerly Atlantis Waterpark
Site 2: Scarborough Heights – Formerly Marvel's amusement park
Site 3: Northstead Gardens – Formally Kinderland
Site 4: Former Indoor Pool & Off-street Car Parking
Site 5: Alpamare Waterpark & Off-street Car Parking
Site 6: Footpaths

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| iv. note that the outcome of the soft market testing exercise will inform future proposals for the North Bay sites. |
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APPENDICES:

Appendix A - Equalities Impact Assessment
Appendix B – Climate Change Impact Assessment

BACKGROUND DOCUMENTS:

Executive: 21 May 2024; Agenda Item 453: Decision regarding outcome of marketing exercise to procure a short term operator for Alpamare Waterpark

Nic Harne
Corporate Director – Community Development

Gary Fielding
Corporate Director – Resources
Northallerton

Report Authors –
Presenter of Report – Kerry Metcalfe Assistant Director Commercial, Property and Procurement

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions

Appendix B – EIA

Initial equality impact assessment screening form			
<p>This form records an equality screening process to determine the relevance of equality to a proposal, and a decision whether or not a full EIA would be appropriate or proportionate.</p>			
Directorate	Corporate Resources		
Service area	Commercial, Property and Procurement		
Proposal being screened	Marketing exercise for Scarborough North Bay to seek feedback that will inform future proposals for the area including the future operation of the waterpark.		
Officer(s) carrying out screening	Neil Hughes		
What are you proposing to do?	Launch a soft market testing exercise for Scarborough North Bay		
Why are you proposing this? What are the desired outcomes?	To seek feedback that will inform future proposals for the area including the future operation of the waterpark.		
Does the proposal involve a significant commitment or removal of resources? Please give details.	No		
<p>Impact on people with any of the following protected characteristics as defined by the Equality Act 2010, or NYCC’s additional agreed characteristics</p> <p>As part of this assessment, please consider the following questions:</p> <ul style="list-style-type: none"> To what extent is this service used by particular groups of people with protected characteristics? Does the proposal relate to functions that previous consultation has identified as important? Do different groups have different needs or experiences in the area the proposal relates to? <p>If for any characteristic it is considered that there is likely to be an adverse impact or you have ticked ‘Don’t know/no info available’, then a full EIA should be carried out where this is proportionate. You are advised to speak to your Equality rep for advice if you are in any doubt.</p>			
Protected characteristic	Potential for adverse impact		Don’t know/No info available
	Yes	No	
Age		X	
Disability		X	
Sex		X	
Race		X	
Sexual orientation		X	
Gender reassignment		X	
Religion or belief		X	
Pregnancy or maternity		X	
Marriage or civil partnership		X	
NYC additional characteristics			
People in rural areas		X	
People on a low income		X	
Carer (unpaid family or friend)		X	
Are members of the armed forces community		X	
Does the proposal relate to an area where there are known inequalities/probable impacts (e.g. disabled people’s access to public transport)? Please give details.	The proposal takes place in Scarborough’s North Bay and will improve facilities in that area.		
Will the proposal have a significant effect on how other organisations operate? (e.g. partners, funding criteria, etc.). Do any of these organisations support people with	This proposal is purely, at this stage, to seek feedback that will inform future proposals for the area including the future operation of the waterpark.		

protected characteristics? Please explain why you have reached this conclusion.	An EIA to assess the effect on other organisations will be undertaken when development progresses which will further assess any impact..		
Decision (Please tick one option)	EIA not relevant or proportionate:	✓	Continue to full EIA:
Reason for decision	To seek feedback that will inform future proposals for the North Bay area including the future operation of the waterpark.		
Signed (Assistant Director or equivalent)	Kerry Metcalfe, Assistant Director Commercial Property and Procurement		
Date	15 January 2025		

Appendix C - Climate change impact assessment

The purpose of this assessment is to help us understand the likely impacts of our decisions on the environment of North Yorkshire and on our aspiration to achieve net carbon neutrality by 2030, or as close to that date as possible. The intention is to mitigate negative effects and identify projects which will have positive effects.

This document should be completed in consultation with the supporting guidance. The final document will be published as part of the decision making process and should be written in Plain English.

If you have any additional queries which are not covered by the guidance please email climatechange@northyorks.gov.uk

Please note: You may not need to undertake this assessment if your proposal will be subject to any of the following:

Planning Permission
Environmental Impact Assessment
Strategic Environmental Assessment

However, you will still need to summarise your findings in in the summary section of the form below.

Please contact climatechange@northyorks.gov.uk for advice.

Title of proposal	Marketing exercise for Scarborough North Bay
Brief description of proposal	Marketing exercise for Scarborough North Bay to seek feedback that will inform future proposals for the area including the future operation of the waterpark.
Directorate	Resources
Service area	Commercial, Property and Procurement
Lead officer	Kerry Metcalfe
Names and roles of other people involved in carrying out the impact assessment	n/a
Date impact assessment started	15 January 2025

Options appraisal

Were any other options considered in trying to achieve the aim of this project? If so, please give brief details and explain why alternative options were not progressed.

N/A – the aim of the project is to seek feedback that will inform future proposals for the area including the future operation of the waterpark

What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result, detailing estimated savings or costs where this is possible.

One of the objectives of the Brief is:

*to deliver a **viable long-term development**, which enables effective cross-subsidising of sites in scope and **seeks to maximise economic benefits** for the local area and **deliver significant financial returns** to the Council*

Any potential impact on council budgets will, however, be considered following the feedback received and as part of the next phase of the North Bay redevelopment.

<p>How will this proposal impact on the environment?</p> <p>N.B. There may be short term negative impact and longer term positive impact. Please include all potential impacts over the lifetime of a project and provide an explanation.</p>	<p>Positive impact (Place a X in the box below where relevant)</p>	<p>No impact (Place a X in the box below where relevant)</p>	<p>Negative impact (Place a X in the box below where relevant)</p>	<p>Explain why will it have this effect and over what timescale?</p> <p>Where possible/relevant please include:</p> <ul style="list-style-type: none"> • Changes over and above business as usual • Evidence or measurement of effect • Figures for CO₂e • Links to relevant documents 	<p>Explain how you plan to mitigate any negative impacts.</p>	<p>Explain how you plan to improve any positive outcomes as far as possible.</p>	
<p>Minimise greenhouse gas emissions e.g. reducing emissions from travel, increasing energy efficiencies etc.</p>	Emissions from travel		X				
	Emissions from construction		X				
	Emissions from running of buildings		X				
	Other		X				
<p>Minimise waste: Reduce, reuse, recycle and compost e.g. reducing use of single use plastic</p>		X					
<p>Reduce water consumption</p>		X					
<p>Minimise pollution (including air, land, water, light and noise)</p>		X					

<p>How will this proposal impact on the environment?</p> <p>N.B. There may be short term negative impact and longer term positive impact. Please include all potential impacts over the lifetime of a project and provide an explanation.</p>	<p>Positive impact (Place a X in the box below where relevant)</p>	<p>No impact (Place a X in the box below where relevant)</p>	<p>Negative impact (Place a X in the box below where relevant)</p>	<p>Explain why will it have this effect and over what timescale?</p> <p>Where possible/relevant please include:</p> <ul style="list-style-type: none"> • Changes over and above business as usual • Evidence or measurement of effect • Figures for CO₂e • Links to relevant documents 	<p>Explain how you plan to mitigate any negative impacts.</p>	<p>Explain how you plan to improve any positive outcomes as far as possible.</p>
<p>Ensure resilience to the effects of climate change e.g. reducing flood risk, mitigating effects of drier, hotter summers</p>		<p>X</p>				
<p>Enhance conservation and wildlife</p>		<p>X</p>				
<p>Safeguard the distinctive characteristics, features and special qualities of North Yorkshire's landscape</p>		<p>X</p>				
<p>Other (please state below)</p>						

Are there any recognised good practice environmental standards in relation to this proposal? If so, please detail how this proposal meets those standards.

Summary Summarise the findings of your impact assessment, including impacts, the recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.

This soft market testing exercise is seeking feedback from interested parties in relation to the undeveloped areas of Scarborough's North Bay and for the future operation of the waterpark. This feedback will help inform future proposals for the area and how those proposals are progressed.

Any redevelopment that does progress will see development of land that is currently left to nature and will see an increase in visitor numbers once any facilities become operational. Negative climate impacts are therefore likely, these will need to be assessed at the next stage of this project to ensure that any negative climate impacts are outweighed by the positive economic impacts associated with development of the area.

Sign off section

This climate change impact assessment was completed by:

Name	Neil Hughes
Job title	Head of Commercial
Service area	Commercial, Property and Procurement
Directorate	Resources / Community Development
Signature	
Completion date	15 January 2025

Authorised by relevant Assistant Director (signature):

Kerry Metcalfe, Assistant Director – Commercial, Property and Procurement

Date: 23 January 2025