
DREAMLAND

To: **Cabinet – 1 May 2014**

Main Portfolio Area: **Economic Development and Regeneration**

By: **Madeline Homer, Director of Community Services**

Classification: **Unrestricted**

Ward: **Margate Central**

Summary: The Council holds the freehold interest of the Dreamland Site, part of which will be operated as an amusement park. Council is now in a position to tender this part of the estate and this paper is to seek approval to procure a suitable third party to operate the amusement park.

For decision

1.0 Introduction and Background

- 1.1 The Council is the freeholder of the Dreamland site, finally acquired after a public inquiry and lengthy court proceedings which followed the making of the compulsory purchase order (CPO).
- 1.2 One of the purposes of the CPO is to enable the delivery of an amusement park of a heritage nature.
- 1.3 The Council is not able to operate the amusement park itself. The operation of such a park requires specialist technical expertise and therefore the Council is seeking to provide this leisure facility through a third party not-for-profit organisation which will operate the park on a commercial basis with a commitment to re-invest in the park.

2.0 The Current Situation

- 2.0 The Council has investigated the options with regard to the appropriate technical expertise that would be required to operate a high quality amusement park and (having also obtained legal advice) has concluded that the best way forward is to procure a service concession contract.
- 2.1 As a result of a new European Union Directive which will shortly come into force and the requirements of the law relating to State Aid, a competitive procurement exercise will be necessary. The Council will therefore be conducting a fair, transparent and non-discriminatory tendering process.
- 2.2 The terms and conditions of the contract for the operation of the amusement park and any land demised to the operator to enable them to perform their functions will be carefully drafted and subject to statutory processes, to ensure that the Council's interests are protected.
- 2.3 The advertisement for the procurement will state that the Council is seeking a not-for-profit organisation to deliver a heritage amusement park on the site so it needs to be an organisation which understands partnership; the uniqueness of a heritage site and

a company ethos that is committed to contributing to Thanet's regeneration with the vision to re-invest into the site; but equally respects and fully recognises that this is a business which needs to be run on a commercial basis. The Council will expect the organisation to produce a business plan which will need to include (but not exclusively) financial forecasts (including rents and maintenance); predicted cash flow (including footfall); staffing levels; a risk strategy, organisational structure and leadership; a funding strategy; an events programme; a marketing strategy (including branding for the overall site); and information on future development and investment etc.

- 2.3 The grant of a lease to the operator of the amusement park was approved in principle by Cabinet on 29 April 2010. In order to ensure sufficient return on any investment in the park, it is likely that the successful operator will require the demise of an area of land for a period longer than 7 years. The disposal of the land in question will therefore be subject to a 21-day consultation period which will commence on 2 May 2014. At this stage, it is not possible to determine what would be an appropriate length for the lease term, and this will need to be identified as part of the business plan. However, the expectation is that it will be at least 25 years.
- 2.4 The Council will ensure that all the bids are looked at as a whole package. Each one will be considered on its merits to ensure that the chosen operator provides the best deal for the Council.
- 2.5 The consultation will also be in accordance with the duties contained within section 3 of the Local Government Act 1999.

3.0 Next Steps

- 3.1 The Council will place an advertisement in early May 2014, to begin the process of delivering a high quality amusement park open to the public in April 2015.

4.0 Corporate Implications

- 4.1 The delivery of the amusement park will contribute directly to the Corporate Plan, priorities 1, 3, 8 and 9.

5.1 Financial and VAT

- 5.1.1 The site has been opted to tax, which reduces the Council's VAT liability; however, all leases and licences regarding the site require further detailed VAT advice to ensure VAT compliance.

5.2 Legal

- 5.2.1 With effect from 17 April 2014, the award of service concession contracts will be governed by a new European Union procurement directive. Prior to the coming into force of the Directive, it was generally considered that public procurement rules did not apply to service concessions.

5.3 Corporate

- 5.3.1 To continue the process of re-opening the Dreamland site to members of the public contributes directly to the Corporate Plan, in particular to priorities 1, 3, 8 and 9.

5.4 Equity and Equalities

- 5.4.1 The operator will have to demonstrate as part of the pre-qualifying process that they can contribute to the Council's commitment to enhance equity and equality within Thanet. An Equality Impact Assessment will be carried out by Council in conjunction with the operator to ensure that there is compliance with the public sector Equality duty at the commencement of the contract and periodically throughout the term.

6.0 Recommendation

- 6.1 Cabinet is requested to approve the procurement of a suitable third party to operate the amusement park in line with the process detailed in the report.

7.0 Decision Making Process

- 7.1 This is a key decision to be made by Cabinet.

Contact Officer:	Edwina Crowley, Head of Economic Development and Asset Management
Reporting to:	Madeline Homer, Director of Community Services

Annex List

Annex 1	Estate plan showing approximate area of land to be offered as part of the concession contract.
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Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Peter Reilly, Litigation Solicitor