



CABINET

Report subject	Bournemouth International Centre (BIC) investment strategy
Meeting date	12 July 2019
Status	Public Report
Executive summary	<p>The purpose of this report is to</p> <ol style="list-style-type: none"> 1. To seek funding approval of £170,000 for a feasibility study to reimagine the BIC for the next 30+ years 2. Provide an update regarding the hotel project relating to the site adjacent to the Bournemouth International Centre (BIC) 3. To seek commitment for the continued reinvestment of a proportion of the annual service fee, payable by BH Live, for the short to medium term refurbishment priorities for the Bournemouth International Centre (BIC), under any scenario.
Recommendations	<p>It is RECOMMENDED that:</p> <ol style="list-style-type: none"> (a) Cabinet approves £170,000 funding for a feasibility study to reimagine the BIC for the next 30+ years. (b) Cabinet formally agrees to the discontinuance of the procurement process authorised by the Cabinet of Bournemouth Borough Council in October 2018 relating to the hotel adjacent to the BIC. (c) Cabinet confirms its commitment to ongoing investment in the BIC in order for it to remain competitive and requests officers to make specific investment recommendations at a future Cabinet meeting.
Reason for recommendations	These are in line with the strategic priorities of the Cabinet

3. The BIC was originally constructed in 1985 as a mixed-use leisure and conference/events facility and is now 35 years old. When it was delivered it was regarded as the premier conference and events facility in the UK and was stated to have contributed £125 million annually to the local economy. Over the past 20 years the building has been added to and the internal space has been reconfigured to compete in the market, as new more bespoke and up to date conference and entertainment venues have been built in a number of the major cities in the UK. The conference and entertainment market is now a more international market than when the BIC was built and it is not only necessary to compete with UK venues but also others in mainland Europe. The current facility is no longer regarded as the premier destination it once was.
4. Taking into account the age of the BIC, and the opportunity to cease the procurement process for the hotel development, now appears to be an appropriate time to consider the wider options for replacing or refurbishing the BIC for the next 30+ years.
5. Should Cabinet decide to look at possible reimagining/ redevelopment options, these could range from;
 - Option A Refurbish as set out in more detail at 2c below
 - Option B Refurbish & Extension
 - Option C Refurbish & Major Extension, possibly containing a hotel
 - Option D New Build on Current Site
 - Option E New Build on New Site
6. To undertake such an analysis the estimated cost of specialist consultants (Events/ Conference Consultant, an Architect, a Planning Advisor and a Project Cost Consultant) is approximately £170K and authority is sought for this level of funding. This feasibility analysis is likely to take 6 – 8 months. It will however take 3-4 months to procure a suitable set of advisors in accordance with the Council's financial regulations. It is hoped that that the specialist consultants can be procured in a 3-4 month period. This will mean that the feasibility analysis is likely to be complete by June / July 2020 with a further report coming back to Cabinet in September 2020 setting out the report findings and recommendations for the next stage.

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7. BCP Council is the freehold owner of a site next to the BIC (site edged red in Figure 1 above). Part of the site was acquired by Bournemouth Borough Council (BBC) using grant funding from the former South West Regional Development Agency (RDA) on the proviso that the former BBC acted as the lead procurer for a new hotel. The terms of the site transfer are set out in what is referred to as a "Project Funding Agreement".
8. Further to the previous procurement and market engagement processes, in October 2018, BBC Cabinet authorised officers to commence another procurement process using the OJEU open procedure. In December 2018 a Prior Information Notice was issued and a Pre-Market Engagement exercise was undertaken with potential hotel operators and developers. In line with the BBC Cabinet authorisation, a number of external advisors were appointed to

prepare the necessary tender documentation. That documentation is now for all practical purposes complete and the tender process is ready to commence.

9. Having got to this point, officers have been reviewing the options and would now recommend that before the tender process is commenced, Cabinet should re-consider the opportunity and look at the site as a whole including the BIC. This would mean the cessation of the hotel project in its current format. Cabinet should be aware that this may create a low risk of an abortive cost claim by the private sector.

BIC short to medium term investment

10. The BIC is operated by BH Live in partnership with BCP Council. Under any scenario, it is in need of short to medium term investment for the refurbishment of specific areas to keep the venue attractive to business clients in particular until a longer-term decision is made.
11. The BIC provides the largest licensed capacity venue on the South Coast for up to 10,000 visitors and features 4 main auditoria: the Windsor Hall, Purbeck Hall, Solent Hall and Tregonwell Hall. The BIC's flexibility lends itself in accommodating multi-hall conferences, exhibitions, meetings, large music concerts, dance and comedy performances. It is located on Bournemouth Seafront up from Pier Approach and has a linked multi-storey car park. The BIC was partially refurbished in 2008/9, funded from prudential borrowing by BBC, with the closure of the pool to focus on increasing the size of the Windsor Hall and creating the Solent Hall, in order to capitalise on the conferences and exhibitions market.
12. The BIC is regularly maintained by both the landlord and the tenant, according to the terms of the lease, but this is purely for maintenance rather than refurbishment.
13. Working in partnership with BH Live, discussions have been held to consider the following
 - the key objectives for the refurbishment of the current BIC
 - review the current operating performance of the BIC, benchmarked against a database of comparable venues and industry reports
 - the market trends work undertaken highlighting key competitors to the BIC, and implications for investment
 - project options to be considered
14. The discussions considered the following key areas of the building only, looking at interventions to enhance the use of the building and as a consequence potentially improve the street scene and economy of the Bournemouth Town Area:
 - External entrance
 - Internal refurbishment around the foyer, many bars, toilets and dressing rooms
 - Foyer and Café enhancement
 - Breakout and meeting room enhancement

15. These interventions are not interdependent. Any works could be phased to ensure they do not interfere with the operation of the BIC, nor any future events already booked. A full building closure would not be required.
16. Should Members be agreeable to continue with the reinvestment of a proportion of the service fee, the next stage, would be to undertake consultations mentioned above to develop a future report for Cabinet, where informed, firm recommendations can be given. It is intended that this report would be available for the December 2019 meeting.

Summary of financial implications

BIC reimagining feasibility for the next 30+ years

17. The £170k required to cover the cost of the feasibility study will be funded from the capital feasibility and small works fund which is a BCP specific earmarked reserve.

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18. In ceasing the current procurement, the Council will not immediately benefit from the decision made by Bournemouth Borough Council in October 2018 to invest £60,000 in progressing the procurement of the scheme.
19. No specific financial provision has been made for the low risk of an abortive cost claim from the private sector referenced earlier within this report.

BIC short to medium term investment

20. There are no financial implications at this stage. Cabinet/Council will separately be requested to approve any short or medium term investments with a report due in December 2019 after the referenced engagement with Members and the community. Any budgets currently being used to support prudential borrowing, which as the original amount is repaid, would be available to support a short to medium term reinvestment strategy, will need to carefully reflect of the useful life of any assets invested in.

Summary of legal implications

BIC reimagining feasibility for the next 30+ years

21. In undertaking the procurement and appointment of consultants to undertake feasibility work the Council will need to ensure compliance with the Financial Regulations and appropriate legal and procurement advice should be sought.

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22. It is widely recognised by the Courts that a contracting authority has a broad discretion to abandon a procurement at any time, provided it exercises that discretion in accordance with general Treaty principles (e.g. proportionality, equal treatment and transparency).
23. This report sets out the reasons for the decision to abandon the procurement which relate to the delivery of a wider vision for the site and the BIC.
24. There is always a risk of challenge (and a claim for abortive costs) present from any participant in the procurement process when a decision to abandon is

taken, but it is considered that the risk of a successful challenge in relation to this decision is low.

25. A Project Funding Agreement (PFA) between Homes England and the Council sets out various obligations relating to the delivery of a four-star hotel on the site and adjoining Council owned land. The Council has consulted and worked with Homes England throughout the period since 2015 when the most recent development agreement was terminated. This is what the Council is required to do under the PFA.
26. The PFA does not oblige the Council to fund (in full or part) the delivery of a hotel, although it does have to use reasonable endeavours to achieve certain outputs. It is highly unlikely that this would be found to impose on the Council an obligation to fund and / or build the hotel.
27. It is difficult to see what remedy would be sought by Homes England, even if a breach of the Council's obligations under the PFA is found to have taken place.
28. Any risks presented by the PFA and associated with the present decision to cease the consideration of procurement options authorised by BBC Cabinet in October 2018 are very low and can be further mitigation by the Council maintaining the collaborative dialogue with Homes England.
29. There is a restriction on the use of the land contained within the current PFA until March 2033. Any changes to this would need to be agreed with Homes England.

BIC short to medium term investment

30. The Council has existing obligations under the agreements it has with BH Live in respect of maintenance, repair and investment contributions for the BIC and other BH Live operated sites. These will be set out when they are relevant in future reports, and legal advice should be sought on any proposals to ensure that the legal agreements are amended or updated appropriately.

Summary of human resources implications

BIC reimagining feasibility for the next 30+ years

31. This section is not applicable as the procurement of the feasibility could be undertaken using existing resources.

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32. By discontinuing the procurement process the officers allocated to this particular exercise can be redeployed on to other projects

BIC short to medium term investment.

33. This section is not applicable, as the work can be undertaken using existing resources.

Summary of environmental impact

BIC reimagining feasibility for the next 30+ years

34. Not applicable, this is a report.

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35. None

BIC short to medium term investment

36. Not applicable, this is a report.

Summary of public health implications

BIC reimagining feasibility for the next 30+ years

37. None

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38. None

BIC short to medium term investment

39. None

Summary of equality implications

BIC reimagining feasibility for the next 30+ years

40. There are no equality implications linked to undertaking a feasibility. However, the feasibility study will consider all protected characteristics under the Equality Act.

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41. There are no equality implications linked to the cessation of this project.

BIC short to medium term investment

42. BH Live and historically Bournemouth Borough Council and local access groups have worked together to improve the accessibility of the venue. It is intended that any consultations will have participants from local access groups.

Summary of risk assessment

BIC reimagining feasibility for the next 30+ years

43. None

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44. There is a risk that the Private Sector could construe a legal argument that that their abortive costs should be met by the Council. This risk is considered very low.

BIC short to medium term investment

45. None

Background papers

Published Works