



# Committee report

Committee	<b>CABINET</b>
Date	<b>11 MARCH 2021</b>
Title	<b>DINOSAUR ISLE, SANDOWN- UPDATE ON COMPETITIVE DIALOGUE AND OPTIONS TO PROGRESS.</b>
Joint report of	<b>CABINET MEMBER FOR RESOURCES CABINET MEMBER FOR REGENERATION AND BUSINESS DEVLEOPMENT</b>

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## EXECUTIVE SUMMARY

1. This report seeks to update Cabinet on progress and seek agreement to review the current procurement process at Dinosaur Isle which has been underway for some time. The scope of that procurement has been tested through the dialogue process to date and indicates that a change in its scope may be required in order to both deliver potential partner investment , whilst still meeting the original service elements set out by the council including maintaining the museum accreditation, management of the collection and the transfer of the staff.
2. The process has raised some questions about the commercial viability of the scope of the Invitation to Tender (ITT) which focussed on the refurbishment of the existing Dinosaur Isle building and it is now suggested that there is an opportunity to re assess the ITT and understand the viability issues to ensure that the council achieves its objectives. The consequence of not doing so may put at risk both the commercial investment envisaged, and the service elements described above.
3. The council is sufficiently confident that the broad objectives established in the original ITT can be delivered but that to ensure it follows a procurement compliant process that can secure a commercial investment and deliver the service elements required a review is undertaken with the details as to any changes proposed subject to a further detailed report to Cabinet at the earliest opportunity (anticipated in June 2021).

4. The area of Culver Parade, Sandown where Dinosaur Isle is located is identified as a tourism opportunity area within the Island Plan and it is hoped that this major new investment will lead to a wider regeneration of this area of the Bay in line with the council's regeneration strategy. It will also maintain and enhance the international reputation created by the work at Dinosaur Isle as a centre for palaeontology with links to major national and international universities and museums.

## BACKGROUND

5. The Council has been actively pursuing a development partner to invest in Dinosaur Isle due to the challenge of identifying funding for the necessary repairs and maintenance of the premises which a condition survey in 2017 identified as approximately £850,000. Dinosaur Isle has also been identified in the Council's Regeneration Strategy as an opportunity to "kick start" investment in this area of the Bay by acting as a potential catalyst for adjoining landowners and businesses.
6. Following a soft marketing exercise in October 2017 and further engagement and consultation the Council formally determined in April 2018 to undertake a procurement process using the competitive dialogue method to identify a development partner with the key requirement being maintaining the facility's Museum Accreditation.
7. This commenced with an Expression of Interest (Eoi) between 2<sup>nd</sup> October and 30<sup>th</sup> October 2018 followed by an Invitation to Tender (ITT) from 9<sup>th</sup> October 2019 until a submission deadline of 31<sup>st</sup> January 2020. Councillors made site visits to the shortlisted bidders. The bidders were offered an opportunity for further dialogue prior to final submission and by the deadline on 31<sup>st</sup> January 2020 one formal response had been received.
8. Whilst the COVID pandemic caused delays to the dialogue process, the council has been in discussions with the remaining bidder. As part of this process the matter of commercial viability has emerged around the parameters of the existing ITT and the requirement for a bid in compliance with the fundamental parameters of taking on the existing museum building and delivering a solution within the red-line demise. It is felt that the requirement to take on the operation and maintenance of the existing museum building in particular may have the effect of constraining the investment opportunity.
9. The current procurement process is effectively constraining the ability to achieve the stated objectives and it is therefore recommended that the council undertakes an analysis of the ITT, to better understand the viability issues and the inherent commercial challenge from the sector point of view with the proposition in the ITT. Officers will undertake this work immediately and report back to the Cabinet with findings and a proposed way forward.

## STRATEGIC CONTEXT

10. The council's corporate plan seeks to deliver economic growth and prosperity with a key activity being to consider opportunities to secure long term sustainable access to the Island's heritage. The potential investment and partnership approach to the future of Dinosaur Isle and this part of the Bay will help deliver this and ensure that available resources are used in the most effective way which is also a key objective of the council's strategic approach set out in the plan.
11. It will support the following commitments in the Corporate plan 2019 - 2022;
  - Deliver economic growth and prosperity
  - Provide sound financial management

## CONSULTATION

12. The council undertook engagement with both local stakeholders and potential investors during the process and as part of 'soft market testing' including a stakeholder event held at Dinosaur Isle on 17<sup>th</sup> October 2017 prior to the formal procurement process. This process helped inform the development of the ITT to reflect the broad aims of the project and the elements required to secure investment and the future of the museum.
13. The nature of the procurement process via competitive dialogue was agreed by delegated Cabinet member decision in April 2018 which also described the consultation undertaken and key outcomes required by the council including the retention of the facilities museum accreditation.
14. The cabinet will be aware of a recent petition containing 3000 signatures indicating concern regarding the future use of land in the Culver Parade area, specifically to recognise the unique heritage of Browns Golf course and to guarantee its protection as a public asset.

## FINANCIAL / BUDGET IMPLICATIONS

15. The council manages the service delivered from Dinosaur Isle and is responsible for its revenue budget and staffing. A condition survey of the building in 2017 identified a requirement for around £850,000 to be spent on maintenance to ensure the building can both operate safely and is 'fit for purpose'. This covers both essential and desirable elements all of which are maintenance related. The council committed funds in its capital programme in 2017/18 for works such as external steel work repairs, fire alarm and fire exit doors to enable the premises to operate safely. These works have been completed but no other budget is currently available for any further works.
16. It is clearly desirable to work towards a solution that delivers the objectives of the council in regeneration terms whilst providing financial savings and income generation, given the continuing budget challenges to the council.

## CARBON EMISSIONS

17. Since 2009 Dinosaur Isle has reduced its carbon emissions through both behavioural change and various energy efficiency measures, the most significant of which was reverting to localised heating of essential areas rather than whole site. The result of all these measures resulted in a halving of energy consumption down to approximately 76,000kWh (27tCO<sub>2</sub>e).
18. If the site was eventually removed from the council property portfolio all of the remaining carbon emissions can be counted as a saving.

## LEGAL AND PROCUREMENT IMPLICATIONS

19. The council is required to achieve best consideration if any of the future proposals include the disposal of land. In addition, the council is also required to undertake a lawful procurement process. Given the facility employs council staff there will be issues relating to TUPE or redundancy which will need to be concluded during the current process.
20. The competitive dialogue process currently being used for this procurement remains the best route towards securing the council's stated objectives.

## EQUALITY AND DIVERSITY

21. The Council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies/strategies and decisions with regards to diversity legislation and the nine protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership). There are no direct implications for the Council's duties under the terms of the Equality Act 2010 arising from the recommendations in this paper.

## PROPERTY IMPLICATIONS

22. Dinosaur Isle and the surrounding land is owned freehold by the council and the facility was built with money from the Millennium Fund in 2000. An existing charge against the Dinosaur Isle building was removed in 2017 following negotiations between the council and the Big Lottery Fund which is the legacy organisation responsible for Millennium Fund schemes across the UK. The removal of this covenant means the building is unfettered by any restrictions or financial penalties on disposal.
23. A condition survey carried out in 2017 identified around £850,000 of maintenance works is needed and whilst some works have been carried out from the capital programme for essentials such as fire safety requirements, the building still requires significant investment.
24. The value of the site is limited given its location which in an area which is vulnerable to both coastal and fluvial flooding.

## OPTIONS

25. The options available to the council are: -
1. Carry on with the current ITT process
  2. Undertake a review and assessment of the ITT to better understand the viability issues, in order to ensure the procurement process can properly consider the full range of development and investment opportunities to meet the broad objectives of the council.
  3. Terminate the current process and continue to run and manage Dinosaur Isle.

## RISK MANAGEMENT

26. The council has been involved in a significant and lengthy process to get to the current position. The time taken reflects the challenge set out in the ITT to secure a commercial investment in a facility which has considerable ongoing maintenance costs in an area of environmental constraint. The ITT requires taking control of and investing in the necessary repair works to the existing Dinosaur Isle facility, operating the same whilst maintaining the museum accreditation. The ITT as set out does appear to limit the scope of the investment opportunity from being fully explored.
27. Reviewing the scope of the ITT would allow officers to undertake an assessment of the commercial viability of the current requirements and how any commercial challenges might be overcome either under the existing procurement or through a revised procurement strategy. This course of action is most likely to ensure that the council's aim and objectives for the site can be met.
28. The council could still decide not to progress with an ITT if at any stage it feels that key issues cannot be addressed in a satisfactory manner but the risk of not finding an investment partner would leave the council having to consider the option of continuing to own, run and manage the facility in the long term.
29. The council could move to a purely land transaction and dispose of the site via a marketing exercise to secure best value is seeking a major tourism attraction. This may secure a development but would not deliver the service elements required by the council namely museum accreditation, management of the collection and TUPE of the staff. This would require some form of contractual arrangement other than a purely land disposal and could only be achieved with certainty by procuring a service.

## EVALUATION

30. The current process to secure an investment partner has proved challenging due to the significant nature of the investment required, uncertainty on the viability of a commercial investment and the challenges of the site and location.

This uncertainty has been compounded by COVID and the scope of the ITT which appears to limit the investment options.

31. However, the procurement process undertaken demonstrates the opportunity to secure the investment envisaged is achievable. A review of the ITT scope will ensure that issues around commercial viability can be fully explored and understood to ensure that the procurement process is capable of achieving the objectives of the council in a way which sustains the museum, its accreditation and the future of the staff in the long term.
32. A detailed report on the scope of the ITT, the findings of the review, current requirements and how any commercial challenges might be overcome either under the existing procurement or through a revised procurement strategy, including a timescale for its delivery, will be brought forward for consideration and decision by Cabinet at the earliest opportunity.

#### RECOMMENDATION

Option 2 - Undertake a review and assessment of the ITT to better understand the viability issues, in order to ensure the procurement process can properly consider the full range of development and investment opportunities to meet the broad objectives of the council. Officers will report back to the Cabinet with a detailed report of their findings and recommendations at the earliest opportunity (anticipated in June 2021).

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