

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Regeneration & Sustainable Development Cabinet Board

Report of the Head of Property and Regeneration S.Brennan

9 March 2018

MATTER FOR DECISION

WARDS AFFECTED: PORT TALBOT

FORMER PLAZA CINEMA, TALBOT ROAD, PORT TALBOT

Purpose of the Report

- 1 To seek member approval to undertake a procurement exercise to tender for an organisation to lease and operate the former Plaza Cinema, Talbot Road, Port Talbot as a facility offering flexible business incubator space, multi-purpose areas for community use and a café/training kitchen facility.

Executive Summary

- 2 Approval is sought for a procurement exercise to tender for an organisation to lease and operate the former Plaza Cinema, Talbot Road, Port Talbot as a facility offering flexible business incubator space, multi-purpose areas for community use and a café/training kitchen facility.

Background

- 3 The Authority holds title to the former Plaza Cinema, Talbot Road, Port Talbot as shown edged in Black on the attached copy plan.
- 4 The former Plaza Cinema has remained vacant since its closure in 1999 and following a period of unsuccessful marketing and deterioration of the building fabric, the Council acquired the Plaza in 2009 with the intention of safeguarding the building and developing a future use.

- 5 In March 2017, the Council applied for funding from the European Regional Development Fund, through the Welsh Government's 'Building for the Future' Programme, to re-develop the currently derelict building into a community facility that will provide employment and training opportunities. The proposal includes retail opportunities via two small shop units at the front of the building, a multi use recreational hall, a gymnasium, a community café with attached training kitchen on the ground floor. The first floor will offer several business incubator units, intended for small businesses and business start-ups, along with a training/meeting room.
- 6 In October 2017, the Council received a 'funding in principle' offer of £5,457,950 towards the cost of re-development. In order to secure a full funding agreement, Welsh Government require evidence of long term sustainability, by means of securing an end user/operator for the facility upon completion of the building works.
- 7 The Authority proposes to undertake a procurement exercise to tender for an organisation to lease and operate the former Plaza Cinema in conjunction with Procurement Section to determine who the agreement for lease, lease and operating agreement should be awarded to.
- 8 The evaluation and acceptance of the successful submission will not be weighted purely on the financial bid offered ie the best rental bid per annum but will have regard to other considerations, including financial references, proposed business plans, and end use. Consideration will also be given to the track record of the bidder in delivering and operating such projects. The final decision to be determined by the Head of Property and Regeneration.
- 9 The highest scoring organisation will then be awarded the lease, subject to planning permission being obtained for the proposed use. This criteria will be determined by the Head of Property and Regeneration, in consultation with the Head of Legal Services to ensure compliance with the Public Contract Regulations 2015, which governs this area of procurement. This is considered in more detail within the Legal Impacts Section of this report in relation to achieving the best market value.
- 10 The highest scoring organisation will then be initially required to enter into an agreement for lease which will bind the organisation into entering the lease and operating agreement, subject to

planning permission being obtained for the proposed use and the works being completed by the Council. The proposed operator of the Plaza would be consulted during the works being carried out should changes to the original works be required but the works are ultimately at the discretion of the Council. Following the conclusion of the works, the operator would enter into the lease and operating agreement accordingly.

- 11 The local Members have been consulted on the proposal.

Financial Impact

- 12 The granting of the lease will provide a rental income for the Authority.

Equality Impact Assessment

- 13 An Equality Impact Screening Assessment has been undertaken to assist the Council in discharging its Public Sector Equality Duty under the Equality Act 2010. After completing the initial screening assessment it has been determined that this proposal does not require an Equality Impact Assessment.

Workforce Impacts

- 14 There are no workforce implications in relation to the Authority

Legal Impacts

- 15 Due to the fact that we are looking for an end-user to operate the Plaza under the remit of an Operating Agreement, there is a requirement for a tendering exercise to be undertaken in order for the Council to comply with the Public Contract Regulations 2015 and our own Contract Procedure Rules (CPRs) Furthermore, due to the likely value of this contract, it is likely that public advertisement of the tenders will be required. In accordance with the scoring system as set out above, the Head of Property and Regeneration, in conjunction with the Head of Legal Services, will ensure that there is compliance with the CPRs and the Public Contract Regulations 2015.
- 16 In addition, Section 123 of the Local Government Act 1972 states that a Council shall not dispose/lease of property for a consideration less than the best that can be reasonably obtained without the consent of the Welsh Government. A disposal for the

purpose of this agreement includes a lease of longer than seven years. As the proposed arrangement will be for 25 years, the provisions of S123 become applicable. The Welsh Government has issued a general consent which allows a Council to dispose/lease of property at less than the best consideration that can reasonably be obtained where the Council considers that the purpose for which the property is being disposed/leased is likely to contribute to the promotion of the economic, social or environmental well-being of the whole or any part of its area or of all or any persons residents or present in its area. In addition, the difference between the unrestricted value of the property and the consideration actually obtained must not exceed two million pounds.

- 17 The Head of Property and Regeneration, upon taking the advice of the Head of Legal Services, will need to be granted delegated authority to make the determination as to whether market value is achieved during the tendering exercise. It is considered that even if the actual value of the lease achieved equated to an undervalue, the lease would contribute to the social well-being of the residents of Port Talbot and Aberavon areas as it will provide access to social and cultural locations and activities for the residents which will be an important resource for these communities. If members were to approve the recommendation on the basis of the contribution to social well-being, the lease could proceed under the general consent.
- 18 In addition, the Head of Property and Regeneration has confirmed that in this instance it is anticipated that any disposal of the Plaza, by way of the proposed lease would be less than £2,000,000.

Risk Management

- 19 There are no risk management issues associated with this report

Consultation

- 20 There is no requirement under the Constitution for external consultation on this item.

Recommendations

- 21 It is recommended that the Head of Property and Regeneration be granted delegated powers:

- (1) to commence a procurement exercise for the granting of an agreement for lease, a lease and operating agreement for the former Plaza Cinema, Talbot Road, Port Talbot
- (2) to set the Heads of Terms and for the agreement for lease, the lease and the operating agreement to be included in the procurement documentation issued to the interested bidders
- (3) to establish the criteria on which the tenders are to be evaluated and also to accept the highest scoring tender on the basis of this criteria. In the event that the highest scoring tenderer declines the award, delegated authority is granted to the next highest scoring and so on.
- (4) to enter into an agreement for lease, a lease and an operating agreement with an organisation for the former Plaza Cinema, Talbot Road, Port Talbot and any associated documentation taking into account any obligations on the Authority by virtue of S123 of the Local Government Act 1972.

Reasons for Proposed Decision

- 22 The procurement of a successful operator will enable the Council to satisfy Welsh Government's funding requirements, thus securing the capital investment needed to bring the building back to good use. The letting of the premises for a sustainable alternative use will provide a rental income and will contribute to the Council's Regeneration Programme for Port Talbot, in line with the Port Talbot Integrated Territorial Strategy and the wider Swansea Bay City Region Economic Regeneration Strategy. It will also positively contribute to Welsh Government's Tackling Poverty agenda and the Well-Being of Future Generations Act.

Implementation of Decision

- 23 The decision is proposed for implementation after the three day call in period.

Appendices

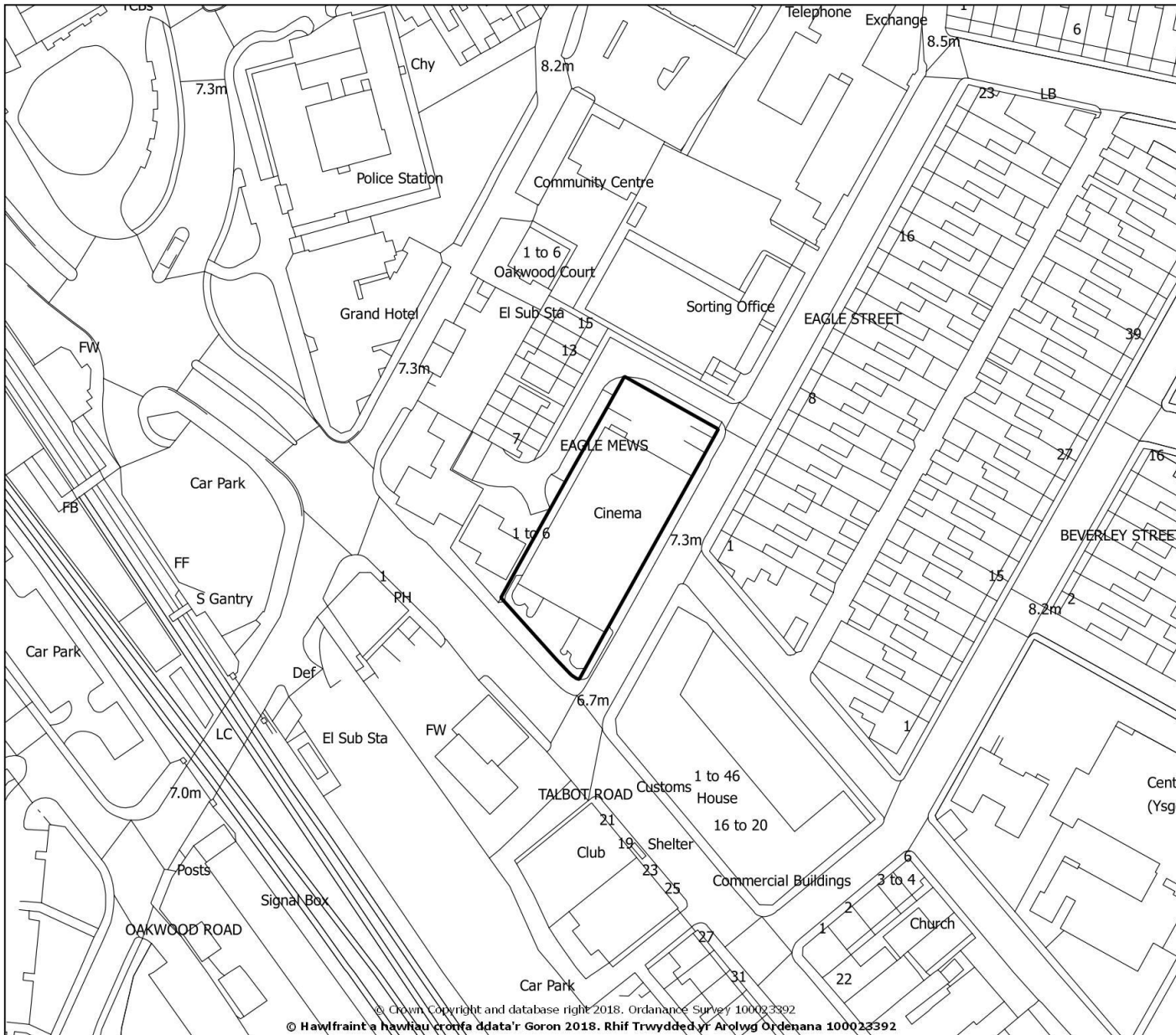
- 24 See attached plan

List of Background Papers

25 None

Officer Contact

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NOTES NODIADAU



**Property & Regeneration
Eiddo ac Adfywio**

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Project **Proiect**

Drawing Title **Teitl Lluniadu**

Plaza Cinema
Talbot Road
Port Talbot

<p>Scales Dafol A4 @ 1:1250</p>		<p>Rev. Adolygu</p>
<p>Drawing No. Rhif gan Dynnu 18-0118</p>		