

CABINET

DATE	08/07/2020
REPORT OF	Cllr C Procter, Portfolio Holder for Tourism Heritage and Culture
RESPONSIBLE OFFICER	Clive Tritton, Interim Director of Economy and Growth
SUBJECT	Meridian Showground Options
STATUS	Open
FORWARD PLAN REF NO.	CB 07/20/05

CONTRIBUTION TO OUR AIMS

The recommendations outlined in this report contribute to the Council's key priorities of 'Stronger Communities and Stronger Economy' leading to an enhanced cultural offer and improved environment by enabling the Council to offer delivery of a variety of quality, affordable events, leisure activities and services at the Meridian Showground (the Showground).

In line with the aims of the Council's Commissioning Plan and Outcomes Framework, this project will assist in achieving a 'Stronger Economy' by:

- Providing opportunities for new businesses and jobs;
- Increasing the level of public and private sector investment;
- Investing in cultural heritage which will result in an enhanced visitor offer.

It will also assist in achieving 'Stronger Communities' by:

- All people in North East Lincolnshire (NEL) enjoy good health & wellbeing and benefit from sustainable communities;
- Encouraging community involvement in securing the sustainable future of local assets;
- Providing an enhanced cultural offer for local residents to enjoy;
- Improving the quality of the environment for residents and visitors.

EXECUTIVE SUMMARY

As per the decision resolved by Cabinet at its meetings on 12th July 2016, 15th March 2017 and 19th December 2018 this report seeks approval of the recommendation regarding the future management, maintenance and operation of the Showground.

Cabinet resolved on 12th July 2016 that the undertaking of a Preliminary Market Consultation (PMC), with regard to the future delivery of the Showground in Cleethorpes, be approved.

Cabinet resolved on 15th March 2017 that the services undertaken from the Showground (lot 1), Discovery Centre (including sandpit) and Cleethorpes Paddling Pool (lot 2) be offered to an external organisation, either Lincs Inspire or through the procurement of an external provider, be approved.

Cabinet resolved on 19th December 2018 that the following recommendations in respect of both Lot 1 and Lot 2 be agreed:

- Lot 1 - Do not award a contract to manage, operate and maintain Lot 1 the Showground as the only bid received was rejected due to not meeting the minimum quality criteria.
- Lot 2 - Agree to award a contract to manage, operate and maintain Lot 2 Discovery Centre (including sandpit) and Paddling Pool to Your Community Hub CIC subject to them meeting lawful TUPE requirements.

Consequently, the Showground continues to be managed by the Council and Cabinet requested that a further report be brought back to cabinet in the 2019/2020 financial year which sets out the current position in terms of the management and operation of the Showground and options presented for Cabinet to consider in respect of any alternative arrangements.

RECOMMENDATIONS

It is recommended that Cabinet authorises the Director of Economy and Growth to continue to arrange the management of the Showground and for it to be maintained and operated by the Council, in line with the recommendation in Option 2, as detailed within Appendix A of this report, subject to full review by Cabinet at the end of the 2020/21 financial period.

REASONS FOR DECISION

The Showground is currently being managed by the Council with the objective being to enhance North East Lincolnshire's (NEL) cultural offer. The Portfolio Holder for Tourism, Heritage and Culture has agreed for the Council to continue to take provisional bookings on an eighteen month rolling programme, with the intention to honour all bookings thus ensuring that income continues to be generated and that the Showground makes a contribution towards the arts and cultural offer within NEL. Over the last eighteen months significant progress has been made in reducing costs and increasing income and so this is an appropriate time to review the range of management options available to the Council and recommend a preferred way forward.

1. BACKGROUND AND ISSUES

- 1.1 The Showground, located in Cleethorpes, was opened in 2008 and is currently operated by the Council. It offers an 8.63 acre, grassed space, and a control tower for hosting a variety of outdoor events such as shows, fairs, circuses, rallies, markets, corporate days, exhibitions, balls and parties.
- 1.2 The Showground was partly funded through a grant from the European Regional Development Fund (ERDF) and the conditions of this funding last for 20 years, expiring in 2028.

The following changes to the project must be agreed in advance by the Government Office.

- Any change that alters the nature of the project;
 - Significant changes over the lifetime of the project to the individual categories of expenditure profile or quantifiable targets; and
 - Any change to the project's use, its financing or ownership.
- 1.3 If the changes the Council implements are not agreed with Government Office, they may choose to recover a proportion of the grant funding.
- 1.4 On 1st May 2015 the Council entered into an agreement with Lincs Inspire Limited for the provision of Consultancy Advice and delivery of Services relating to Libraries, Archives, Sport & Leisure; Arts & Entertainment to include any ancillary and additional services to be agreed. ("the Agreement").
- 1.5 The Showground is included in the Agreement as one of the potential "Additional Services" to transfer to Lincs Inspire. The Council was therefore obligated to offer these services to Lincs Inspire if it wishes to outsource them and a process is set out in the Agreement which governs the offer of these services to Lincs Inspire Limited by the Council.
- 1.6 Lincs Inspire Limited and the Council could not achieve an agreement regarding the Terms of Offer for Lot 1, therefore, a procurement process for the lot was undertaken as delegated to the Director of Economy and Growth and the Director of Finance, Resources and Operations.
- 1.7 Due to the unsuccessful award of Lot 1 the Council continued to manage and operate the Showground.
- 1.8 During this time, the nett running costs for the facility have reduced, due to the close management of expenditure and increased income. Consequently the facility cost to the Council, which was in the region of £30K during 2018/2019, has reduced in cost to circa £19K in 2019/2020.
- 1.9 There is an opportunity for the nett running costs to be reduced even further over time. The Showground has an improving reputation and marketing strategy which complements the resort's tourism offer. It will also benefit from the borough's wider arts and cultural offer which has been strengthened by the securing of the Arts Council funded Cultural Development Fund (CDF) Programme.
- 1.10 Retaining the Showground allows the Council to ensure as far as is possible a joined up strategic approach to the events programme and the arts and cultural offer across NEL.
- 1.11 During the period that the CDF is available, the Council will have time to consider ways to further optimise the use of the Showground to ensure its sustainability as part the enhanced cultural and heritage events offer.

2. RISKS AND OPPORTUNITIES

- 2.1 All operational risks for the Council in respect to the management, maintenance and operation of the site remain with the Council until such a time it may choose

to cease or transfer its operation. At which point the risks in respect of management, maintenance and operation would transfer to a Provider.

- 2.2 Visitor attractions and facilities within the Showground provide high quality and engaging services in an accessible and well-maintained environment. As such, these facilities and services make an important contribution to the economic, health and social wellbeing of NEL's residents, visitors, adults and young people alike. The recommendation of this report allows these opportunities to continue, alongside having a positive impact on the health and wellbeing of residents within NEL.
- 2.3 If the Council secured the services of a new Provider, they would be subject to either the terms or conditions of the lease or any agreed contract management arrangements by the Council. In the event of any issues relating to the Provider's performance, corrective interventions will take place in line with the Council contract management or tenancy procedures.
- 2.4 Any works to be carried out may result in disruption to the Service, which could lead to criticism from the community, visitors, and other stakeholders. A communications plan will be put in place to ensure that clear and consistent information is provided throughout the delivery phase.
- 2.5 Should the Council choose to undertake a procurement exercise, the selection and appointment of any successful bidder will have been made based on the submission of the Most Economically Advantageous Tender (MEAT) bid in terms of both quality and cost. As such, Members can be assured that the Council is managing the financial risks and achieving value for money in any contract award.

3. OTHER OPTIONS CONSIDERED

Please read in conjunction with the management options set out within Appendix A:

- 3.1 Option 1: Do nothing.
- 3.2 Option 2: Retain Council operation and link to the emerging cultural development work and events function.
- 3.3 Option 3: Offer to Lincs Inspire Limited, under new term.
- 3.4 Option 4: Seek a third party to operate as a showground.
- 3.5 Option 5: Seek a third party to operate the site for any other reason.
- 3.6 Option 6: Cease operation of the Service and decommission the site.
- 3.7 Option 7: Cease operation of the Service and dispose of the site.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Officers have explored if TUPE arrangements would need to be taken into consideration. At present, TUPE is not applicable to any staffing members

currently supporting the management and operation of the Showground.

- 4.2 If the Council maintains management, there is a need for a well-managed communications and marketing plan regarding publicity of the Showground and events to maximise opportunities and promote the cultural offer.
- 4.3 An alternative arrangement to the current management and operation of the Showground is likely to generate significant local interest. A well-managed communications and marketing plan will generate positive reputational and communications impacts for the Council in terms of the potential improvement and/or investment that will be made in this Service and therefore the associated benefits for local residents, investors, businesses and visitors.
- 4.4 The Showground is owned freehold by the Council which attracts considerable community interest. The Council and its partners invested significant capital resource into the development of the site and in terms of reputation it is in the Council's interests that the site continues to be used in the way it was originally intended. Furthermore, it could damage the Council's reputation with national/regional funding agencies should the long-term use of this site not be managed effectively.

5. FINANCIAL CONSIDERATIONS

- 5.1. Please refer to Appendix A for further details in relation to the financial considerations, fees and capital charge depreciation.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 6.1 The management of the Showground contributes to the Council's commitment to stabilise and progressively reduce our environmental footprint.
- 6.2 Any future management options of the Showground will be required to continue to make contributions towards the Council's Environmental Policy.

7. CONSULTATION WITH SCRUTINY

- 7.1 The Tourism and Visitor Economy Scrutiny Panel has not been consulted in the development of this report.

8. FINANCIAL IMPLICATIONS

- 8.1 The recommendation would not result in any changes to existing budget requirements.

9. LEGAL IMPLICATIONS

- 9.1 No new legal implications arise as the recommendation seeks to preserve the current status quo, subject to review at a point in the future.

10. HUMAN RESOURCES IMPLICATIONS

10.1 Specific HR advice will be provided in accordance with the recommendations in this report and to comply with the Council's Constitution, legislation and the Council's policies and procedures.

11. WARD IMPLICATIONS

11.1 All wards will be affected.

11.2 The physical location of the asset is situated in the Haverstoe Ward.

12. BACKGROUND PAPERS

12.1 [Meridian and Discovery Cabinet Report December 2018](#)

12.2 [Meridian and Discovery Cabinet Report March 2017](#)

13. CONTACT OFFICER(S)

13.1 Helen Thompson, Investment Team Manager, Economy and Growth, (01472) 325722

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Clr Callum Procter
Portfolio Holder for Tourism, Heritage and Culture

Meridian Showground Management Options Appendix A

To be read in conjunction with the report to Cabinet dated 8 July 2020 in respect of the management options for the maintenance and operation of the Meridian Showground (the Showground).

Appendix Content:

- [Background - The Meridian Showground](#)
- [Background to Previous Procurement Exercises](#)
- [Financial Considerations and Current Use of Showground](#)
- [Associated Budget for the Showground](#)
- [Fees and Charges](#)
- [Licenses](#)
- [Marketing and Social Media](#)
- Management [Options](#)
- [Summary and Recommendation](#)

Background - The Meridian Showground

The Showground is an 8.63 acre purpose built site suitable for use as an outdoor showground and events arena that was completed in 2009. The development of the Showground was partly funded through a grant from the European Regional Development Fund (ERDF) and the conditions of this funding last for 20 years, expiring in 2028. The aim is to provide entertainment and events throughout the year enhancing the cultural offer within North East Lincolnshire (NEL).

The Showground is broadly rectangular in shape and level throughout with acoustic bunds situated along the west and south boundaries. The site is fenced and secured with 4 gates providing vehicular access and emergency exits. Two gates access Kings Road and two gates access Meridian Road to the east.

A control tower is situated on the west side of the site fronting Kings Road and has two pedestrian gates either side with a tarmac and block paved floodlit approach from the adjoining council owned pay and display car park.

The Showground comprises of a wide, open grassed showground area with a circular perimeter tarmac estate road that links to all four gates. New land drainage has been installed along with a pump.

There are a two identical toilet blocks sited which we are advised can cater for a capacity up to 5,000 persons. Additional service towers providing electric and water points are situated around the perimeter of the site.

Background to Previous Procurement Exercises

Cabinet resolved at its meeting of the 12 July 2016 to undertake a Preliminary Market Consultation (PMC) exercise, in relation to the Showground. The PMC indicated that there was a market which would be willing to take over the services and a lease of the site. A valuation was undertaken in 2016 of the Showground as part of the PMC work, and the valuation said that, *“We would advise that if marketing the property ‘To Let’, it is advertised as far and wide as possible with a large to let board seeking ‘All Enquiries’ with ‘Offers Invited’ based on an indicative lease term. We would expect interest to be wide ranging and subject to various conditions and potential alternative uses.”*

Interest from the market, and the desire to improve commercial viability, the Council's decision was to combine the following service areas. On the 15th March 2017 Cabinet resolved that the services undertaken from the Showground (Lot 1), Discovery Centre (including sandpit) and Cleethorpes Paddling Pool (Lot 2) be offered to an external organisation. The Council commissions sports, leisure, libraries and entertainment services through Lincs Inspire Ltd. In line with resolution two of the March 2017 Cabinet, the Council completed a period of negotiation with Lincs Inspire. Mutually agreeable terms could not be achieved, however, and the Council therefore embarked on an extensive procurement exercise, to determine the Service's deliverability by a third party Provider and determine the market's interest to deliver these types of Services in support of the Council's strategic priorities.

A full Procurement exercise was undertaken and Lot 2 was successfully awarded. Following the recommendation made to the Council on 19th December 2018, Cabinet resolved that the one bid received for Lot 1 would be rejected due to not meeting the minimum quality criteria.

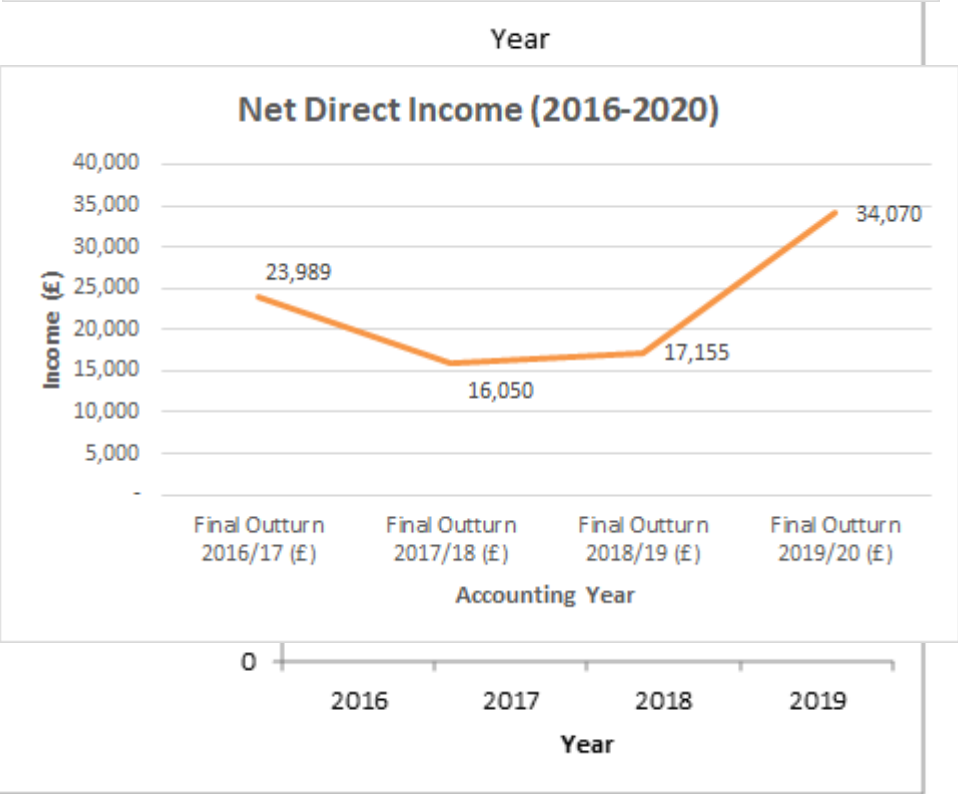
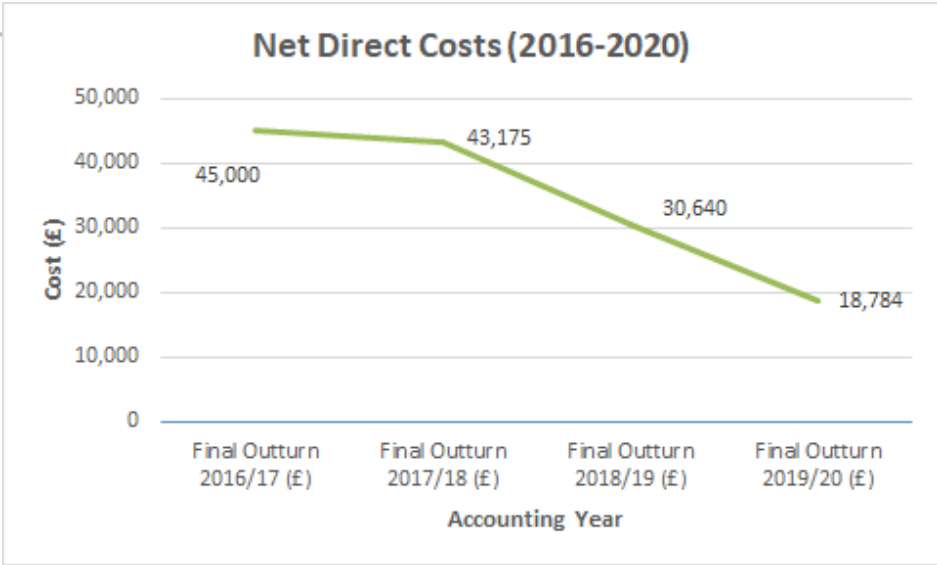
The Showground has since continued to be managed by the Council. The Portfolio Holder for Tourism, Culture and Heritage has agreed for the Council to continue to take provisional bookings on an eighteen month rolling programme, with the intention to honour all bookings thus ensuring that income continues to be generated and that the Showground makes a contribution towards the arts and cultural offer within NEL.

Financial Considerations and Current Use of the Showground

Information collected since 2016 highlights that initially the Showground was a facility that posed an ongoing cost to the Council, with a small income being generated through events and private bookings. The 2016/17 financial year recorded a nett direct cost of £45,000, noting a 62% reduction in the number of days booked between 2016 and 2017.

2019/2020 has evidenced a 47% increase in the number of days booked in comparison to 2016. Total direct income is reported to have increased by 42% in comparison to 2016/17, with the nett direct cost reducing to £18,784 in 2019/20.

Information collected between 2016 and 2019 has demonstrated an increased use in terms of days per booking, increased visitor numbers to the Showground and increased income related to such bookings with losses made decreasing.



Associated Budget for the Showground

Budget	Final Outturn 2016/17 (£)	Final Outturn 2017/18 (£)	Final Outturn 2018/19 (£)	Final Outturn 2019/20 (£)
Security Alarms & CCTV	33	327	800	1,472
Buildings Repair and Maintenance	13,725	21,011	15,424	17,795
Electricity	7,617	8,456	8,706	8,579
Rates	964	466	480	491
Cleaning Services	1,295	4,682	4,467	3,897
Grounds Maintenance	26,531	14,256	11,911	14,570
Premises Insurance	1,424	-	-	-
Equipment - Purchase	1,168	2,749	3,171	481
Promotions	100	-	-	-
Publicity	-	-	-	15
Internal SLA's	1,456	244	-	-
Telephones	1,119	1,118	1,062	1,594
Licences	6,459	5,214	1,750	3,961
Subscriptions	-	-	25	-
Third Party Provider	7,100	-	-	-
External Security Services	-	703	-	-
Total Direct Expenditure	68,990	59,225	47,795	52,854
Contribution other sources	-	-	(105)	-
Facilities Hire - Std Vat 7	(17,100)	(13,250)	(17,650)	(32,139)
Fees/Chrgs - Std Vat 7	(1,389)	-	-	(1,931)
Fees/Chrgs - Outside Scope Vat 4	(3,400)	(1,800)	600	-
Sponsorship received	-	(1,000)	-	-
Misc Income - Standard vat 7	(2,101)	-	-	-
Total Direct Income	(23,989)	(16,050)	(17,155)	(34,070)
Net Direct Costs	45,000	43,175	30,640	18,784

The above table does not account for indirect costs associated with the ongoing delivery of the Showground. Indirect costs relating to internal recharge costs and capital depreciation costs are aligned to the delivery budget and do not impact upon the direct expenditure or income.

In line with all assets managed by the Council, an estimate of depreciation charge is also accounted for. Below summarises the estimated annual depreciation cost of the asset over its estimated useful life. These are technical accounting entries and do not equate to a "real" charge to the Council.

	Final Outturn 2016/17 (£)	Final Outturn 2017/18 (£)	Final Outturn 2018/19 (£)	Final Outturn 2019/20 (£)
Estimated Capital Charge Depreciation	44,712	90,300	90,300	131,203

Fees and Charges

Charging arrangements for 2019 and 2020 are set as below and in line with the Council's Land Use Policy. All bookings require a deposit to be taken to secure dates.

Historically, the Showground has been underutilised during the winter months and weekdays. In late 2019, arrangements were confirmed in which the Showground will be used by a local cycling club during weekday evenings and weekends, out of season. It is hoped that with the right marketing approaches other new out of season bookings could be explored to ensure the Showground is being utilised to its full potential all year round.

Booking	Showground (2019)	Showground (2020)	Control Tower
Set up and breakdown day/s	N/A	£350	-
1 day – event	£690	£700	£175
3 days – event	£1,400	£1,400	£500
5 days – event		£2,100	£500
7 days – event	£2,500 (£3,000 for fairs/circus due to increased running costs)	£2,800	£1,000
Plus 7 days	By Negotiation	By Negotiation	By Negotiation
Crown Control Barrier	£1.50 per barrier (max 50)		

Waste collections presently cost £12.75 per bin to be emptied. Grounds Maintenance is undertaken via a Service Level Agreement (SLA) with the Council's Grounds Maintenance Service at a quarterly cost of £2,649. Currently this cost is not charged back and remains on ongoing cost in the maintenance of the Showground. This SLA is currently being reviewed in order to appropriately service the needs of the Showground.

Cleaning the shower and toilet blocks has recently moved to an hourly charge per clean chargeable at £18.50, with an additional £50 charge for toilet consumables. Should event organiser's wish to have cleaning undertaken during an event there is an additional charge to the hire of £165.

Security and CCTV is supported via a SLA at a charge of £207.25 per quarter. Additional call outs are chargeable. During 2019/20 works are planned to update the Pods at a cost of £2,451 and Flood Lighting at a cost of £1,595. The requirement of telecommunications is being reviewed to establish if the current provision is suitable. It is felt this provision could be reduced which would see a reduction in ongoing costs.

All contracts and SLAs will continue to be reviewed to ensure value for money is achieved.

Licenses

The Showground is presently licensed for:

Licensable activities authorised by the licence:

Supply of alcohol (on the premises)
Plays (Outdoors)
Indoor Sporting Events
Exhibition of Films (Outdoors)
Live Music * (Indoors and Outdoors)
Recorded Music * (Indoors and Outdoors)
Performances of Dance * (Indoors and Outdoors)
Anything of a similar description to that of * (Indoors and Outdoors)
Provision of facilities for Making Music ** (Indoors and Outdoors)
Provision of facilities for Dancing ** (Indoors and Outdoors)
Provision of facilities for entertainment of a similar description to that falling within ** (Indoors and Outdoors)

The times the licence authorises the carrying out of licensable activities:

Plays / Exhibition of Films / Indoor Sporting Events/ Live Music * / Recorded Music*/ Performances of Dance * / Anything of a similar description to that of * / Provision of facilities for Making Music ** / Provision of facilities for Dancing ** / Provision of facilities for entertainment of a similar description to that falling within **

Monday to Sunday 0800 to 2300 hours

Supply of alcohol

Monday to Sunday 0800 to 2230 hours

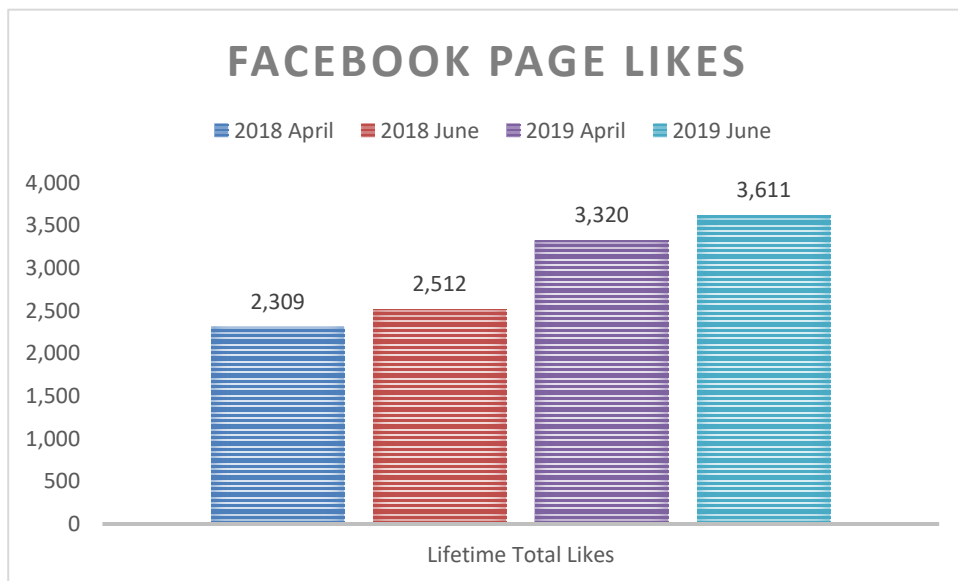
** License updates came into effect during 2019/20. This now allows films to be shown up to midnight, enabling the facilitation of a potential monthly outdoor cinema during the summer period.

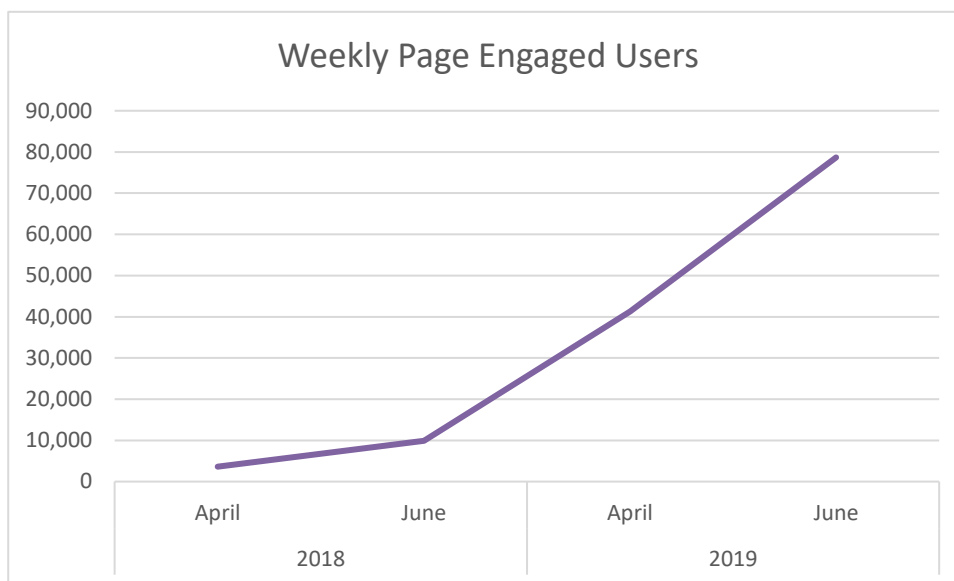
Marketing and Social Media

Social media has played a developing role over the last 12-18 months in promoting events and gathering interest in events hosted within the Showground. Social media is managed by the Council's Investment Support Officer in the Economy and Growth Service, as part of the management and operation of the Showground.

The table below demonstrates the growing interest via social media in the Showground and the information shared online about opportunities and events, hosted both within the showground and within the borough.

Social Media (Facebook) Post Data	April -Aug 2018	April - Aug 2019	% change
Number of Posts	62	113	45%
Lifetime Post Total Reach	113,288	322,602	65%
Lifetime Post Total Impressions	173,812	478,238	64%
Lifetime Engaged Users	6,644	16,017	59%
Lifetime Matched Audience Targeting Consumers on Post	6,082	14,617	58%
Lifetime Matched Audience Targeting Consumptions on Post	7,853	17,999	56%
Lifetime Post Impressions by people who have liked your Page	85,444	253,348	66%
Lifetime Post reach by people who like your Page	55,742	173,837	68%
Lifetime People who have liked your Page and engaged with your post	3,879	7,464	48%





The Economy and Growth Service has recently broadened its social media reach by using Instagram. Although in its infancy, the Showground account has attracted over 994 followers since October 2018.

Management Options

1. Do nothing

Since 2016, continued efforts have been made by the Council to offset the costs associated with maintaining and delivering a cultural offer from the Showground. Efforts have been made and succeeded in reducing net direct cost from £45,000 during 2016/17 financial year to £18,784 during 2019/20.

Since 2016, there has been a 47% increase in the number of days the Showground has been booked to host events, from 52 days to 99 days in 2019. Investment in the wider cultural offer across NEL, and particularly Cleethorpes has seen an increase in interest in the Showground and the variety of events being hosted within the Showground. The effective and regular use of social media is believed to have contributed to promoting the Showground and generating interest in events, attracting tourists to the borough, in addition to providing and promoting the cultural offer to the communities of NEL.

The current officer time allocated to support the Showground forms a part of wider officer roles within the Council. Although there has been a significant effort made to increase Showground bookings and promote events, time resources are limited and need to be shared with other culture and tourism related work programmes currently being delivered by the Council. The very nature and design of the Showground does result in the space being underutilised during the winter months.

To continue as is in the short term presents a safe option for the Council. However, considering the longer term future of the provision and need to establish permanence in the Council's vision for the future management of the Showground, this option does not enable the Council to develop the impact the Showground could have in enhancing the cultural offer within NEL.

Retaining the management and operational functions as is would not require any consultation with ERDF and does not pose a risk of any funding being clawed back.

2. Retain Council operation as it is and link to the emerging cultural development work

In January 2019, the Council secured a £3.2m Cultural Development Fund (CDF) grant award from the Department of Digital, Culture Media & Sport. Developed as part of the Government's Industrial Strategy and Creative Industries Sector Deal, a small proportion of the business support element of the CDF investment will provide mentoring and other support for the borough's creative industries.

<https://www.nelincs.gov.uk/wp-content/uploads/2018/05/7.-Cultural-Development-Fund.pdf>

The opportunity to retain full operation and management of the Showground, with the addition of the CDF programme business support activity, could provide an opportunity to allow creative organisations to further develop their skills and entrepreneurial acumen, which may result in greater demand for the use of the Showground.

In 2019, Cabinet proposed an additional events function be resourced via an earmarked reserve which could be utilised to complement the events programme within the resort and the wider borough. Should this function be delivered, this would present an opportunity to further enhance the management and operational arrangements of the Showground.

By increasing its usage and income and limiting its costs, this option's objective in the short to medium term, is to work towards getting the Showground to a cost neutral position (not including any internal recharges), remain in Council control, and become an intrinsic part of the cultural offer of the borough.

The Showground's performance will be monitored and reviewed on an annual basis with a view to it being potentially contracted/leased to a third party if the above conditions cannot be met. Retaining the management and operational functions as is would not require any consultation with ERDF and does not pose a risk of any funding being clawed back.

3. Offer to Lincs Inspire Limited, under new terms

Lincs Inspire Limited has been previously provided with opportunities to manage the Showground as part of a concession contract.

It has not been previously possible to reach a mutual agreement suitable to both parties in relation to the operation and management of the Showground. In 2017, the terms proposed were not accepted by Lincs Inspire Limited due to a lack of commercial viability.

The original proposed terms would remain largely unchanged. It is therefore felt Lincs Inspire and the Council would unlikely be able to reach a mutual agreement relating to the terms for the operation and management of the Showground.

This option is unlikely to incur funding clawback from ERDF should the delivery remain that of a Showground, however, this option would require consultation with Government Office.

4. Seek a third party to operate as a showground

Previous PMC exercises in relation to the operation and leasing of the Showground have proven unsuccessful. Previous interest in the site from local parties has been shared with the Council. One party previously submitted a bid as part of the procurement process undertaken during 2018, however this application did not meet the minimum quality threshold to be awarded the contract.

The Council may wish to explore any current interest in the site, whilst retaining the function of a showground, through undertaking a further PMC exercise.

Seeking a third party to operate the site as a showground would enable the Council to achieve financial savings, whilst being able to ensure that a cultural offer continues to be provided via events and programmes delivered from the Showground.

The Showground has 10 years remaining of what is deemed to be its “viable lifespan”. Any leasing arrangements for the operation of the Showground would need to reflect the viable lifespan remaining, with options included as to how it could be operated and maintained following this period. The approach to this would need to be reviewed as part of a new tender award.

This option is unlikely to incur funding clawback from ERDF should the delivery remain that of a Showground, however, this option would require consultation with Government Office.

5. Seek a third party to operate the site for any other reason

As part of the site valuation undertaken during 2016, a number of possible options for the site have been shared. These proposals include providing additional car parking facilities, outdoor market space, a touring caravan park extension (Meridian Park Touring Park), and a caravan park extension (Beachcomber Caravan Park).

Previous PMC exercises have not highlighted any proposal relating to an alternative use for the Showground. Any changes to the use of the Showground would be subject to the appropriate planning and licencing processes being implemented.

Any leasing arrangements for the operation of the Showground would need to reflect the viable remaining lifespan, with options included as to how the Showground could be operated and maintained following this period.

The awarded terms and conditions of the Showground state that any substantial change to its defined use during its economic life would require consultation with the funders. Such changes to the showground may require the Council to repay a proportion of the £1,743,225 grant awarded in 2006. We are unable to establish if, or how much, the Council would be required to repay until the Ministry for Housing, Communities and Local Government (MHCLG) are approached with proposed plans for the showground and its operation.

6. Cease operation and decommission the site

As part of the exit strategy developed within the 2005 Business Plan, the Council set out its commitment to enable the Showground to remain in operation during its viable lifespan, contributing towards the wider regeneration and cultural offer to be developed in the resort of Cleethorpes.

Current bookings are taken up to eighteen months' in advance. Should the Council choose to cease operations from the Showground, a decision would need to be made as to whether current bookings would be honoured. If the Council chooses to cancel bookings refunds may need to be provided.

To cease operation of the Showground in any form would have a significant impact upon the cultural offer the Council, and partners are able to provide within the resort of Cleethorpes. Additionally, a number of returning events and cultural programmes would struggle to utilise any other sites within NEL, that can match the facilities and space the Showground provides.

It is not currently known what associated costs will be incurred by the Council should the site be mothballed, however, the assumption would be that there would be some costs involved.

The awarded terms and conditions ceasing the operation of the Showground and mothballing the site would result in a significant change. Such changes to the Showground may require the Council to repay a proportion of the £1,743,225 grant awarded to either the funders or the Secretary of State. We are unable to establish if, or how much the Council would be required to repay until the funders are approached with the proposed plans for the site.

7. Cease operation and dispose of the site

As identified within option 6, the same grant conditions would apply should the Showground cease to operate, and the site is disposed of.

It is anticipated it would take 12-18 months of a proactive marketing period to generate interest in such a site and this situation is further compounded by the current COVID-19 position and the fact that the leisure and tourism sector has been hit particularly hard. A development brief would need to be provided outlining suitable development opportunities for the site.

A freehold sale of the property could be considered, although any interest is likely to be made subject to the grant of detailed planning permission for an alternative use. As existing, the Showground effectively comprises a substantial parcel of tourism / amenity land with the opportunity to apply for planning permission for other tourism / visitor uses that may be acceptable in accordance with the Council's Local Plan. One of the main weaknesses of the property is its location within a flood plain, which is likely to have a material impact on any proposed development or alternative uses for the property.

As per the terms and conditions of the grant awarded, proceeds from the sale of the Showground may be reclaimed. A valuation was obtained in 2016, but an updated valuation would need to be sought.

Summary and Recommendation

Since 2016, the development of the arts and cultural offer across NEL has continued to grow and develop, with funding being secured from the Coastal Communities Fund for Cleethorpes, the CDF for Grimsby and LEADER funding for Immingham. The delivery of the multi-million pound Cleethorpes Regeneration Programme, linked with the attraction of larger scale events such as Armed Forces Day and the Festival of the Sky, has helped to further develop the cultural offer to the local community and tourists who come to the resort.

In recent years, the Showground has seen an increase in bookings and estimated attendee numbers and provided a steadily increasing income to help cover some of the running costs needed to maintain the site. Associated running costs have continued to be reviewed and managed to ensure best value.

The 2016 site valuation mentioned that, because of the unique nature of the Showground, any option to let the site would need to be open to all enquiries and would come with varying conditions of interest in the site and its usage. Given that the Showground has ten years remaining of the ERDF funding terms, it is feasible that any changes to the intended use of the site may result in Government office choosing to recover a proportion of the grant funding.

As indicated by the previous PMC, with no changes to the site, or intended use of the site at the present time, it is not envisaged there would be any revised interest in the site, as it is. Additionally, Lincs Inspire Limited did not find the previous heads of terms relating to the site to be agreeable, with no revised interest in the site being raised.

The procurement exercise undertaken in 2018 resulted in one local organisation submitting a bid which did not meet the minimum quality criteria.

The Showground has continued to be managed by the Council and there has been some success in reducing the costs associated with the site and increasing income opportunities. It is also recognised that the current offer could be further enhanced and improved by, for example, focusing on extending the offer during the winter months.

Based on the summary described above, it is therefore recommended that Cabinet:

1. Gives approval for the Meridian Showground to continue to be managed, maintained and operated by the Council, in line with the recommendation in Option 2, as detailed within this report. This is on the condition that a further report is presented to Cabinet at the end of the 2020/21 financial period, outlining the financial and operational performance of the Meridian Showground, allowing Cabinet to revisit the potential alternative models of management and operation.