



NORWICH City Council

Committee name: Cabinet

Committee date: 05/02/2025

Report title: To delegate authority to award the operator contract for the Halls

Portfolio: Councillor Kidman, Cabinet member for a prosperous Norwich

Report from: Head of strategy, engagement and culture

Wards: All wards

OPEN PUBLIC ITEM

SIGNIFICANT DECISION

Purpose

To request delegated authority to 1) agree the preferred operating model for the Halls, and 2), award the contract for an operator for The Halls following a successful procurement process.

Recommendation:

To delegate authority to the Executive Director of Communities and Housing, in consultation with the Portfolio Holder for prosperous Norwich, to agree the preferred operating model for The Halls and award a contract to the successful supplier following open procurement or retain operations of The Halls in-house.

Policy framework

The council has five corporate priorities, which are:

- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich.
- An open and modern council.

The report addresses

- The **prosperous Norwich** priority, and specifically the aim **to make Norwich a great place to live, work, learn and visit**. Through the renovation and repairs, and the new operating model which enables a high-quality collaborative partnership programme, The Halls can contribute to

this aim by adding to the city's reputation as a leader in culture and creativity, maximising tourism, contributing to a vibrant culture scene and ultimately benefitting the city as a whole.

- The **fairer Norwich** priority and specifically the aim that **our city and local neighbourhoods are safe, diverse and vibrant**, by enabling more people to enjoy creative and culture events by creating a safe and welcoming public space which celebrates diversity and improves accessibility.

Report details

Background

1. The Halls is the most complete surviving medieval friary in England and one of only 15 friaries to retain significant upstanding remains. It is a Grade 1 Listed, Scheduled Ancient Monument, purchased by the City during the Reformation. It continues to be owned by the City Council, and, until it was closed for refurbishment, it generated income through:
 - a) Operating as a dry-hire venue, booked on a first-come, first-served basis for a wide variety of professional, amateur, community and private events.
 - b) A concession bar, of which the council took 15% of turnover per year.
2. The income generated has been less than the cost to run The Halls and the City Council has faced a cost of between £100,000 and £150,000 per year as a result (£109,000 in 2022-2023 which was the last full year of operation).
3. Since 2006, several feasibility studies and options appraisals have been undertaken to determine the future use of The Halls. The ability of The Halls, in its current guise, to realise higher income, is hindered by the following, key challenges:
 - a) The dry-hire, 'first-come, first-served' basis for events, creates an inconsistent programme, with no clear vision or coherence,
 - b) The café/ bar, does not deliver to its potential due to its limited serving capacity, a small standing area and because it is hidden, with people attending events being unaware of it,
 - c) A lack of a marketing and clear brand identity.
 - d) Several under-used spaces (The Crypt, Becket's Chapel, and The Cloisters)
4. In 2020, The Halls secured £3.6 million of Town Deal capital funding to enable the following improvements:
 - a) Access improvements (including a new, wheelchair access lift)
 - b) Audio/Visual (A/V) improvements
 - c) Improved visitor movement and flow through the building
 - d) Increased food and drink capacity

5. The council secured a further £497,273 from Arts Council England and £35,000 from local trusts and foundations.
6. The objectives of the project are to:
 - a) Enhance cultural provision in Norwich and contribute to the council's priorities and the themes of the Norwich 2040 City Vision.
 - b) Ensure value for money for the council
 - c) Enable the council to act as a responsible steward of the building, a Grade One), Scheduled Ancient Monument and maintaining it as an asset for continued public use.
7. The Halls also required significant repairs and maintenance. The immediate and short-term repair works are being carried out in conjunction with the Towns Deal improvements. During the project further, urgent repairs required to Blackfriars Hall roof have been identified and these will be included within the project.
8. A tender for an operator for The Halls was undertaken in 2024 however following an internal review, it was decided not to proceed with this procurement as procedural inconsistencies were identified in the invitation to tender and the evaluation criteria.
9. The findings of the internal review will be reflected in the revised tender documentation.

Operating model options considered

10. The renovations and repairs will improve facilities and accessibility for performers and audiences at The Halls but, without a revised operating model, it will not achieve the objectives 6a and 6b set out above.
11. At the outset of this project, no option was considered "off-the-table", but with the venue's history and place in Norwich's cultural landscape, some options were ruled out at an early stage because they could not meet the cultural objective of supporting the wider cultural provision in the city and/ or the city council to act as a responsible steward to the building.
12. Three operating models were identified which would be most likely to deliver the objectives above (6a-c). These were a council-led in-house option, council-led partnership option or a third party/ external operator.
13. The council explored a council-led partnership model with local sector partners and established a Collaborative Working Group to develop this model over a period of two years. Ultimately this option was not viable as it was not possible to establish an effective operating model. However, during these discussions, where the council had been open about the cost of running The Halls and the number and range of events held there, local cultural organisations expressed interest in taking operational responsibility for the venue on the council's behalf.
14. The council-led in-house option was developed and fully costed alongside discussions about a potential third party/ external operator. The council-led in-house option requires a new staffing structure to include expertise in

programming, AV, and front of house services plus box office management and additional marketing expertise. Prior to the refurbishment, the bar was managed externally via a concession contract. A second bar with a small food offer and an outdoor pop-up catering pitch is included within the refurbishment works. In a council –led in house model the council would need to either operate the bars and catering directly or invite operators to tender for the concession contract.

15. Continuing to operate the Halls in-house would require a significant on-going financial commitment from the council.
16. It is recognised that a third party/ external operator could bring industry expertise into running The Halls. In particular, an operator could promote The Halls commercially, bring sector experience in sourcing and programming events and artists, and knowledge of front of house and bar procedures.
17. It is therefore proposed that organisations from the open market are invited to submit tender proposals for the management of The Halls. Bidders will be asked to address the following criteria:
 - a) **Cost evaluation criteria (25%)** - Marks will be awarded based on the reduction of the required financial contribution from the council over the contract and the potential for any return to the council. The tender which represents the most improved net position for the council over the 5-year contract will receive 100% of the marks available. The other tenders submitted will be compared to the supplier's proposal with the most improved net and the difference between those costs will be expressed as a percentage.
 - b) **Financial modelling (25%)** - How the operator will increase income generation and or reduce costs at the Halls.
 - c) **Programme and place-making (25%)** - How the programme model will create a collaborative partnership programme supporting city-based cultural organisations alongside commercial and community events, and how the Halls will contribute to place-making in Norwich.
 - d) **Accessibility and reducing inequality (15%)** - How will the programme and operating models increase the number of diverse people from Norwich who can perform, participate, engage and enjoy, culture and creativity at the Halls.
 - e) **Social value (5%)** - Recognising the importance of supporting the local economy and/or reduce inequality.
 - f) **Carbon zero and waste management (5%)** - In line with our Government's Carbon Zero targets, it is also important to the council to appoint a supplier who has a proven system in place to reduce their carbon footprint and works sustainably alongside the council. The Halls and the council encourage and support sustainable touring.
18. Tender submissions will be evaluated by a panel including internal and external specialists.

19. The service contract will be awarded to the organisation whose tender submission achieves the highest marks, taking into account the weightings of both quality and price evaluation.
20. An improved in-house option has been developed and is based on existing data and industry knowledge and recommendations (including Tom Fleming Creative Consultant, Collaborative Working Group). If the procurement fails for any reason, the council will default to the in-house option.
21. On behalf of the council, the Executive Director for communities and housing, in consultation with the Portfolio Holder for a prosperous Norwich, has the right not to award the contract.

Timeline

22. The timeline is outlined below and would be subject to change depending on the completion of the refurbishment works.
23. If delegation to award the contract is not given to the Executive Director for Communities and Housing, in consultation with the Portfolio Holder for Prosperous Norwich, the next opportunity for the contract award to go to Cabinet is June 2025. This will cause significant delays in awarding the contract and consequently reopening The Halls. The council will also incur further costs to secure the building if it is empty.
24. It is anticipated that the tender opportunity shall be advertised in February 2025, with an aim to enter a contract in April/ May 2025. Handover of the building and the operational start date will be in line with the completion of the construction programme.

Renovation and repair work

25. The renovation and repair work at The Halls are progressing well however further repairs have been identified within the Blackfriars Hall roof structure. Urgent works will be carried out as part of the current project which will delay completion of the project to later in the year.
26. Once these works are undertaken, the embedded structural elements should last another 15-20 years before more extensive repair works are required to Blackfriars Hall roof.

Consultation

27. Throughout the development of the project the council has engaged with cultural sector stakeholders and partners, Art Council England, and has liaised with the council cabinet member for A Prosperous Norwich. The council established a Collaborative Working Group of key stakeholders and is grateful for the advice and expertise provided regarding the future use, operating model and technical specification for The Halls.

Implications

Financial and resources

28. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its community-led plan 2024-2029 and budget.
29. Based on the costs of running the Halls in 2022/23 (last full year of operation) it is forecast the cost to the council over the first 5 years of the contract could be up to £578,858. Therefore, delegated authority is requested to award the contract to an external operator, via a competitive tender process, which could save the council up to £1m over 10 years, or to retain operations of The Hall in-house.
30. Award of the contract will offer the council a decrease in cost for The Halls over the five-years of the initial contract (plus an additional 5-year extension, by mutual agreement).
31. A lease Heads of Terms between the external/ third party operator and the council will set out the main terms for internal and external repairs and maintenance and a draft will be included in the Invitation to Tender.
32. The Council will take additional expert tax advice on the construct of the management contract and lease heads of terms to ensure the Council's VAT position is compliant with HMRC guidance.
33. The employment rights of staff will be protected by TUPE (Transfer of Undertakings (Protection of Employment) Regulations). The employees' contracts of employment will transfer automatically to the new employer where there is a service provision change, ensuring continuity of employment, and preserving the terms and conditions, such as pay and benefits including working hours and annual leave entitlement. The council will keep affected employees informed about the transfer plans. Following this there will be a consultation process, where Norwich City Council and the new employer talks and listens to affected employees about expected measures, what is changing and what may affect them, and genuinely considers their views. There's no fixed length of time for employers to inform and consult employees and their representatives in a TUPE transfer, but by law, an employer must allow enough time to fully consult before the transfer.
34. The Council is seeking advice and guidance from the Norfolk Pension Fund in respect of an Admission Agreement into the Local Government Pension Scheme for an external provider and to agree the mechanism to determine employer contribution rates and balance sheet risk.
35. A financial assurance check will be carried out.

Legal

36. The services contract will be sourced in line with the Council's contract

procedures and any appropriate legislation and due process will be followed to ensure fairness and transparency.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	<p>An Equalities Impact Assessment has been undertaken which has not identified any adverse impacts for the proposal.</p> <p>The renovation work at The Halls will significantly improve accessibility at the Halls for performers and audiences.</p> <p>Free and 'pay what you can' events</p>
Health, social and economic impact	<p>This project has the benefit of delivering positive economic impact for the council and the city's cultural sector as described elsewhere in this report. It will deliver some positive health and social outputs as outlined elsewhere in this report.</p>
Crime and disorder	No material impact anticipated
Children and adults safeguarding	No material impact anticipated
Environmental impact	<p>An environmental audit on the operation of the building will be carried out and will inform an environmental policy and action plan.</p> <p>Commitment to achieving gold accreditation with Norfolk Carbon Charter by Year 3.</p>

Risk management

Risk	Consequence	Controls required
Macroeconomic factors such as an economic downturn impacts ticket sales and/ or event bookings	Financial forecast not achievable and greater subsidy is required from council	Regular contract monitoring meetings will be established to identify any emerging risks or downward trends enabling the operator to adjust processes accordingly to mitigate risk.

Risk	Consequence	Controls required
The contract is not awarded and/ or the procurement process is not seen as fair	Reputational damage to council and undermining of procurement process	Invitation to Tender included caveat that contract may not be awarded however early engagement with Communications team would be required to minimise negative messaging. Inclusion of external, independent panel members with specific expertise. The PCR 2015 principles are fairness, openness and transparency. Conflict assessments to be undertaken at each stage of the procurement cycle.
Procurement exercise fails	Increased financial subsidy from council required. Reputation risk to council	The Council has openly shared operating information to enable bidder to accurately forecast and plan operations. The in-house model provides a costed alternative if the procurement is unsuccessful.

Reasons for the decision/recommendation

37. The Halls is a Grade I scheduled ancient monument. It is the only venue of its kind in the city and is a vital part of the city's cultural, economic and community life. The council has identified that a third party/ external operator is most likely to achieve the objectives set out at the beginning of the project (paragraph 6a-c). It is recommended that the council undertake a procurement process and that the Portfolio Holder for a Prosperous Norwich, and the Executive Director of Communities and Housing have delegated authority to conclude the negotiations of the procurement and award the contract. This will enable an operator to be appointed in line with the completion of the construction works.

38. If delegated authority is not granted this could cause significant delay to the appointment of an operator for The Halls, as described above (20), and consequently delay the reopening of the venue and incur additional costs to the council.

Appendices:

Exempt Appendix 1 Equality Impact Assessment

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