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Madeline Homer & Councillor Iris Johnston
Thanet District Council
PO Box 9
Cecil Street
Margate
Kent CT9 1XZ

Dear Madeline & Iris

Restoration of Dreamland Margate

As you will be aware, the Heritage Lottery Fund awarded a grant of £3million jointly to Thanet District Council and the Dreamland Trust in November 2011 towards the first phase of restoration work at Dreamland Margate. We considered a request for a significant increase in grant early last year, and our Board of Trustees agreed to an additional £2.8million of funding, in effect converting this project into a Major Grant of over £5million. At that time, our Board asked to be kept regularly updated on the progress of the project, and we fed this request back to the Trust and Council staff.

Following the recent site meeting organised for our trustee, Sir Roger de Haan, and at which Cllr Johnston was present, I am writing to raise significant concerns and to seek urgent clarification on a number of critical issues. We have made repeated requests to be kept informed of progress but this has not happened, and indeed we consider that HLF has been effectively shut out at key stages in the project's development. As a major funder of this project this is unacceptable and we are seeking an urgent meeting with you to discuss these concerns and to get clarity on the project.

The Heritage Lottery Fund distributes funds sourced from the national lottery to heritage projects around the UK. We have a responsibility to lottery players to ensure that their money is well spent, and financial directives which control what we can and cannot fund. A key requirement of our funding is that all contracts and appointments are procured in open competition, and through a formal tender process for contracts with a value of over £50,000. We are bound by European Procurement regulations, and we make it clear in our information to applicants and in our terms of grant that these, and our own procurement requirements, must be adhered to.

When we awarded a grant to the Council and Trust, the project we were funding envisaged that the Trust would take on the role of operator at the site following completion of the first phase of works, and this was written into the grant contract between us and both organisations. As the nature of that operation has changed, we understood, and agreed with, the need for this operation to be openly procured. We expected to be kept fully informed of progress, but this has not been the case.

We understand that the first attempt to procure an operator openly resulted in only one application, and that the procurement process was rightly stopped. We also understand that expressions of interest were invited for a revised lease late last year, though we were unaware of this at the time, and did not have sight of the proposed terms of the lease before they were advertised. We finally received confirmation at a meeting in February this year that the procurement exercise had resulted in a number of expressions of interest being submitted by the deadline. However, despite

repeated requests, we have not received any information outlining how this exercise was handled, and how the final selection of operator was made.

At the recent site visit, we were surprised to find out that Sands Heritage Limited, who we understand has been selected by the Council to operate Dreamland, appeared ready to proceed with plans to relocate the learning space to a new location on the site, without fully consulting us. We also met a member of the Dreamland Trust's learning staff, who we found out was transferring to Sands Heritage Limited at the end of last month. The Trust has told us that a number of staff, including their former Director, have transferred over to this new organisation, but that this happened before the procurement of the new operator was concluded. We were also very surprised to hear that Sands Heritage Limited was in the process of creating a new charity, with the view to taking on the current role of the Dreamland Trust in this project.

I am sure you will understand our serious concerns over the current situation. As things stand, we cannot approve the procurement of Sands Heritage Limited without a clear explanation of how this process was conducted in open competition, and following the receipt of a number of expressions of interest. Sands Heritage Limited has clearly been closely connected with the project for a number of months now, as the only applicant in the first procurement exercise, and with a Chief Executive who was previously working for the Dreamland Trust. We have asked for this information a number of times, on the phone, by email and in meetings, but we have only received a scoring sheet with no back-up information, and the subsequent analysis of the chosen tender from an external company.

I remain concerned that this process may not have been conducted in an open and fair manner. Until we receive a full and acceptable report on this procurement, we cannot proceed with considering the proposed lease for the operation of the site.

The Dreamland Trust remains joint grantee in this grant, and I am also concerned that their role in the project is no longer clear, and indeed appears to be in the process of being replaced by a commercial company. We have at no point been consulted or included in any open discussions over the changing structure of the operation at Dreamland, or how this will impact on the terms of our grant. I understand that the Council has served an eviction notice to the Trust, to vacate a space they were using for an exhibition and to show a film on the history of the site. Interpreting the heritage of Dreamland is a key element of the project we are funding, therefore we require an explanation as to why the Dreamland Trust is being made to vacate the space, and reassurance that this interpretation will be re-sited in a publicly accessible location on the closure of the current space.

Finally, Cllr Johnston will be aware that I raised our concerns over the level of communication and reporting on this project. We require regular reports on projects in delivery, and any request for contingency spend over a certain level or change in project scope needs our approval first. We have had to ask repeatedly for updates and we remain mostly in the dark as to the current position. Our decision makers are now aware of the situation, and have asked that we do not pay out any further grant towards this project until these issues are resolved.

Our formal relationship with Dreamland began with an application from the Dreamland Trust in 2009. Our Board of Trustees understood the importance of the site to Margate from the start of this relationship, and as a funder we have stood by the Trust, and latterly the Council, during the difficult years of the compulsory purchase and the long delay before the project was able to start, and within my team, making the case for our support. It is extremely disappointing to have to write

this letter now, and I hope that the Council will give some consideration to our previous good relationship in taking steps to address these issues as a matter of urgency.

To enable all parties to make headway on the issues I have raised, we would welcome the opportunity to talk through these matters in person with you both. I would therefore like to invite you to a meeting at HLF's offices in London on **Tuesday 14th April at 11.30am**. I will be accompanied at the meeting by Eilish McGuinness, Director of Operations, Sue Bowers, Deputy Director of Operations and Lucy Perry as the case officer and lead project contact at HLF.

If this date is not achievable, please let me have some alternatives, although we are very limited for other options in the weeks ahead.

Yours sincerely,

Stuart McLeod
Head of Heritage Lottery Fund, South East England

