

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

31st JANUARY 2018

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES AND INTERIM HEAD OF FINANCE

RE-DEVELOPMENT OF MAESTEG TOWN HALL

1. Purpose of Report

- 1.1 To provide an update on the Maesteg Town Hall Project and to obtain approval from Council for a revision to the capital programme 2017-18 to 2026 27.

2. Connection to Corporate Improvement Plan / Other Corporate Priority.

- 2.1 This report supports the following corporate priorities:

- Supporting a successful local economy
- Smarter use of resources
- Working together to improve lives

3. Background

- 3.1 A report on the proposed restoration and redevelopment of Maesteg Town Hall was presented to Cabinet on 4th October 2016. This is an update to that report and sets out the further project development work that has been undertaken and the current position in terms of project cost and funding.
- 3.2 Following the transfer of management of the Town Hall to Awen Cultural Trust in 2015, the Council and Awen commissioned initial feasibility work for the restoration and renovation of the building, and creation of a modern, multi-purpose culture and arts venue. Part of the proposal included the provision of a new library in the lower ground floor of the building and the closure of the indoor market, with opportunities for traders to relocate in to the new outdoor market. The development concept was the subject of extensive public consultation.
- 3.3 The initial feasibility and concept design informed an expression of interest (EOI) made to Welsh Government (WG) under its Building for the Future programme (B4F), which is supported by European funding. The scheme proposal was prioritised by WG as one of 7 projects in south east Wales, and a full business case for the project is now required. The initial feasibility work and concept design also informed the submission of a stage 1 bid to Heritage Lottery in November 2017, a decision on which is expected at the end of February 2018.

4. Current situation / proposal.

4.1 Project Update

- 4.1.1 The full business case to Welsh Government for B4F requires more detailed information on the project, taking it from concept, to more developed design and costing, underpinned by investigation and survey work. Mace Group was commissioned in August 2017 to develop the design concept and provide more accurate cost estimates for the project.
- 4.1.2 This work is ongoing and has identified the need for significant repair and restoration to be undertaken to secure the future of the building. Earlier proposals for enhancing the first floor auditorium and creating a modern and flexible library space within the existing market hall have been developed further. Other aspects of the design, such as an extension to provide new access, circulation and commercial facilities (cafe, bar), and a modern studio to increase commercial opportunities, are being assessed in the context of feasibility, cost and budget.
- 4.1.3 Following the previous decision to incorporate a new library facility in the lower ground floor of the building, discussions have been ongoing with indoor market tenants to provide alternative accommodation in the new outdoor market. All bar one of the indoor traders has chosen to relocate to the outdoor units. The remaining trader has also been offered a unit in the outdoor market when their existing lease expires in April. Partnership work with the market traders is ongoing in relation to the project itself and opportunities for marketing and promotion of the market.

4.2 Project Cost and Funding

- 4.2.1 The detailed feasibility work is scheduled for completion by March, and will include an updated project cost estimate. The scheme is anticipated to cost £5–6 million inclusive of fees and professional services. The increase over the original estimate (£4–5 million) reflects the more detailed design work and engineering analysis undertaken since, and will be further refined by the ongoing work. However, until tenders are received, the cost estimate will remain indicative, albeit informed by design and feasibility work carried out to date. A further report will be presented to cabinet when the feasibility work and cost plan have been completed.
- 4.2.2 The current funding package for the capital project is complex and includes a number of potential funding sources, as set out below:

Source	Amount (£) Capital	Amount (£) Revenue
Building for the Future (WG and EU)	2,860,000	
Heritage Lottery	508,000	96,800
Awen Cultural Trust (external funding bids)	500,000	
BCBC Capital Programme	500,000	
BCBC – Ewenny Road capital receipt	800,000	
BCBC – fees (to date/current)		207,000
Total	5,168,000	303,800

Funding sources:

Building for the Future

A funding bid will be submitted to Welsh Government (WG) by March/April 2018. WG have confirmed that the maximum available grant is £2.86 million.

Heritage Lottery

A stage 1 bid was resubmitted in November 2017, following an unsuccessful bid earlier in the year. A decision is expected in February. If approved, Heritage Lottery will release £96,800 of grant funding to enable further detailed design work and remaining surveys to be undertaken prior to the second stage submission later in 2018.

Awen

Awen has indicated that it will commit to sourcing charitable contributions to match fund £500,000 towards the project cost through external grant that will require funding bids.

BCBC

The Council has agreed previously to allocate £500,000 from its capital programme towards the project.

Cabinet has also resolved (10th May 2016) to ring fence £800,000 of the anticipated receipt from the sale of land at Ewenny Road for regeneration in the Llynfi Valley. In order to provide the required funding assurances to Welsh Government and Heritage Lottery at bidding stage, this commitment will need to be made specific to the Maesteg Town Hall project. In addition, it will be necessary for the local authority to underwrite the receipt to meet programme milestones. The land at Ewenny Road was originally bought with a grant from Welsh Government, Welsh Government have confirmed that they would not wish to clawback the original grant value. The financial implications are set out in more detail in section 7 of this report.

The £207,000 for fees (to date) is covered by a combination of secured corporate feasibility funding and Special Regeneration Fund revenue allocations. Further fees will be necessary to complete the final detailed design stage and the full suite of additional survey and investigative work that will be necessary to satisfy planning and enable tenders to be invited. The estimated cost of these is £175,000 and has been incorporated in to the above capital budget allocation. To avoid the Council incurring potentially abortive further expenditure, these fees would not be committed until conditional approvals are received from Heritage Lottery and Welsh Government.

Timetable and Next Steps

- 4.2.3 The completion of the current consultancy work in March will allow for development of the business case for submission to Welsh Government in spring this year. Prior to that, a decision is expected from Heritage Lottery in response to the stage 1 bid. If that is successful, a stage 2 bid will be submitted in Autumn 2018.
- 4.2.4 There will be a requirement for a partnership agreement to be drawn up between the Council and Awen covering project delivery, project risks and financial and

management arrangements for the contract and the Town Hall. It is not clear at this stage when this will be required by Welsh Government and Heritage Lottery.

- 4.2.5 The Council will continue to liaise with the remaining indoor market tenant on the opportunity for taking up a stall in the outdoor market. However, formal steps have been taken to bring the tenancy to an end if this offer is declined.
- 4.2.6 Assuming that all funding is secured, as currently planned and programmed, procurement is envisaged to start by summer 2019, with commencement on site early in 2020. The provisional works contract is expected to take approximately 16 months.

Key interim milestones

HLF Stage 1 determination	Feb 2018
ERDF Business Case submission to WG	March / April 2018
ERDF determination in principle	July 2018
Appointment of final design and technical stage	Sept 2018
Planning application submission	December 2018
HLF Stage 2 submission	February 2019
HLF final funding decision	May 2019
Invitation of tenders for works contract	June 2019
Appointment of contractor and temporary closure of town hall	October 2019
Commencement of works on site	January 2020

5. Effect upon Policy Framework & Procedure Rules

- 5.1 None

6 Equality Impact Assessment

- 6.1 Screening has highlighted that no issues arise as a result of this report. The proposed scheme will develop full disabled access to the Town Hall for the first time.

7. Financial Implications.

- 7.1 See Section 4.2 A critical part of the funding package is the use of a capital receipt from the disposal of the land at Ewenny Road which is yet to happen. It is therefore unsecured and would require explicit agreement for it to be used for the Maesteg Town Hall project.
- 7.2 Secured match funding for the project will be a requirement for WG and Heritage Lottery Fund (HLF) prior to final grant approvals being issued. The Council would therefore need to ensure that the sale transaction is complete prior to May 2019 using the projected milestones above. Given the external funding programmes and anticipated timescales for completion of the sale, this will not be achievable. Furthermore, the receipt from the land at Ewenny Road will come in to the Council as staged payments and the Council will not be in possession of the full amount

prior to the commencement of the Town Hall restoration and redevelopment contract.

- 7.3 The Stage 1 Heritage Lottery bid is being considered by the HLF Finance Panel at the end of February 2018. HLF has indicated that the prospect of a positive decision would be enhanced if the Council were able to confirm its commitment to the project match funding prior to the panel meeting.
- 7.4 Discussions with the prospective purchaser of the land at Ewenny Road are at an advanced stage but until sale of the site is secured there remains a risk to the Council. In the event that the existing negotiations fail to result in a sale, the Council will re-market the site.
- 7.5 WG and HLF funding is currently unsecured. See table in 4.2.6 for anticipated timescales for funding decisions.
- 7.6 There is a commitment from Awen Cultural Trust to source charitable grant contributions towards the overall project cost to the value of £500,000. These funds are currently unsecured.
- 7.7 Council should note that no capital works will be carried out or capital expenditure incurred until the external funding position has been finalised in line with the Council's financial procedure rules. However, to meet the requirement of funders at business plan stage, the Council will need to demonstrate that it has the means to deliver the project.
- 7.8 The finalised project cost estimate will not be known until the current feasibility, design and survey work is completed in March 2018, following this a further report will be submitted to Cabinet on cost and budget.

8. Recommendations

- 8.1 Council is requested to:

Approve an increased capital budget of £5.186 million for the proposed redevelopment of Maesteg Town Hall, which includes an additional £800,000 of capital receipts, generated either by the sale of the land at Ewenny Road, or general capital receipts, in the event that the Ewenny Road receipt fails to materialise or is lower than the anticipated receipt together with revised funding from external sources.

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11. Background documents

- Report to Cabinet: 4th October 2016
- Report to Cabinet: 10th May 2016
- Report to Cabinet: 9th February 2010