

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

15 NOVEMBER 2022

REPORT OF THE CORPORATE DIRECTOR COMMUNITIES

RE-DEVELOPMENT OF MAESTEG TOWN HALL

1 Purpose of report

- 1.1 The purpose of the report is to seek approval from Cabinet to modify the Maesteg Town Hall re-development construction works contract in accordance with rules 3.3.2 and 3.3.3 of the Council's Contract Procedure Rules, and to update Cabinet with delays to the programme timescales.

2 Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

- **Supporting a successful sustainable economy** – taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions for all people in the county borough.
- **Helping people and communities to be more healthy and resilient** – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
- **Smarter use of resources** – ensuring that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

3 Background

- 3.1 Maesteg Town Hall is a grade II listed building located within a conservation area. It occupies a prominent position in Maesteg Town Centre and is a focal point for arts and community activity in the Llynfi valley. The venue hosts a programme of professional and amateur performances and provides rehearsal and meeting space for many local groups and organisations. Bridgend County Borough Council (the Authority), in partnership with Awen Cultural Trust, are redeveloping the Town

Hall into a cultural community venue to support the social and economic regeneration of the town and wider valley communities.

- 3.2 On 21st January 2020 Cabinet delegated authority to the Head of Operations - Community Services, in consultation with the Section 151 Officer and the Chief Officer - Legal, HR and Regulatory Services, to enter into a construction contract with Knox and Wells Ltd to undertake the re-development of Maesteg Town Hall.
- 3.3 On 18th February 2020, by delegated power referenced CMM-PRU-20-08, the Head of Operations – Community Services approved entering into the construction contract with Knox and Wells Ltd with an initial contact value of £6,199,387. Knox and Wells Ltd commenced their Works contract for the Maesteg Town Hall Re-development in March 2020.
- 3.4 On 27th October 2020, by urgent delegated power referenced CMM-PPU-20-31, the Cabinet member for Education and Regeneration agreed to the modification of the Maesteg Town Hall re-development construction works contract to include additional works and services by the contractor, such as the complete refurbishment of the iconic clock tower, and delegated authority to the Head of Operations- Community Services to approve further modifications to the contract, which resulted in the uplift of the value of the contract to £7,027,011.

4 Current situation/proposal

- 4.1 The works started on site in March 2020, just 2 weeks before the national lockdown due to the Covid-19 pandemic. Whilst works were able to continue to some degree during this period, delays to date have been unavoidable due to a number of factors including; a reduced workforce because of pandemic working restrictions and staff self-isolation requirements; difficulty in securing materials and sub-contractors as a result of pandemic closures and changes in the economic climate; Contamination to areas of the site covered by original structures. None of these could have been foreseen at the outset.
- 4.2 There has also been a previous decision taken by the authority to add additional works into the contract to refurbish the clock tower, roof cupolas and south annex roof, at additional cost and time to the programme. The decision to undertake these works has significantly enhanced the project and safeguarded these elements. It has also minimised the risk of having to return to site and renovate at a later date. These significant milestones have now been completed, but have inevitably caused a significant delay to the original programme
- 4.3 During the restoration of this magnificent Grade II, 141 year old building, further discoveries have now been made, beyond those identified above, which require further additional works to be undertaken to conclude the project. These works include remedying extensive dry rot which is still being uncovered, and widespread lime plastering works, along with smaller elements across the building. Due to the nature of the historic building these could not have been revealed at design stages without significant intrusive and destructive works. As

such, these discoveries are unforeseen from when the works were specified, and the contract procured.

- 4.4 The extent of these discoveries over the course of the project have resulted in a delay to the overall project timescales. The detail of a revised programme is being confirmed with the contractor which takes account of the unforeseen works above. At this stage it is anticipated that the project will be completed in Summer 2023.
- 4.5 It has also meant that there is an increase in project costs over the current contract limit of £7,027,011. Therefore, in order to enable the construction to proceed without further delay and to prevent a stop to the works, authorisation was required to modify the contract to include the anticipated and any further unforeseen elements. This would increase the works contract value to a limit of £7,708,418.
- 4.6 It must be made clear however, that the request to increase the works contract still falls within the Capital financial envelope for the Maesteg Town Hall Re-development and within the Council approved Capital Programme, therefore no further monies are required to support this request.
- 4.7 Cabinet authorisation was required for this contact sum uplift, however due to the urgency and to prevent additional delay a proposal was made to approval the uplift via Delegated Powers. However, agreement could not be reached and as an alternative an Officer Delegated Power for £94,164.67 (CMM-PRU-35 amended) was signed by the Corporate Director Communities in consultation with the Cabinet member for Regeneration . The Officer Delegated Power was actioned to enable only the lime plaster works to continue for a very short interim period to prevent the Authority incurring additional financial penalties and further delay to the completion of the project.
- 4.8 Cabinet are now being asked to authorise the uplift to the works contract value to a limit of £7,708,418, so that the additional works identified can be undertaken to complete the project.
- 4.9 Rule 3.3.2 of the Council's Contract Procedure Rules provides that procured contracts may be modified without the requirement for a new procurement procedure where the modification is for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, and where a change of contractor:
- cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and
 - would cause significant inconvenience or substantial duplication of costs for the Council,

provided that any increase in price does not exceed 50% of the value of the original Contract;

- 4.10 As set out above the proposed modification is for additional works and services by the original contractor that have become necessary and were not included in the initial procurement. It would not be feasible to procure another contractor to go onto the site to carry out those works and services while the current contractor's equipment, installations and staff occupy the site and attempting to do so would cause significant inconvenience and substantial duplication of costs for the Council. The modification does not increase the value of the contract in excess of 50% of the original contract value.
- 4.11 Rule 3.3.3 of the Council's Contract Procedure Rules provides that procured contracts may be modified without the requirement for a new procurement procedure where all of the following conditions are fulfilled:
- The need for modification has been brought about by circumstances which the Council having been duly diligent could not have foreseen;
 - the modification does not alter the overall nature of the Contract;
 - any increase in price does not exceed 50% of the value of the original Contract or Framework Agreement.
- 4.12 As set out above the need for the modification has been brought about by discoveries of additional works requirements which could not have reasonably been foreseen when the works were originally specified. The modification does not alter the overall nature of the contract. It entails the provision of additional works of a similar nature provided on the same terms as originally procured. The modification does not increase the value of the contract in excess of 50% of the original contract value.
- 4.13 In accordance with rule 3.5 of the Council's Contract Procedure Rules, if Cabinet approve the modification, this will be referred to the Corporate Procurement Team to comply with any applicable notice requirements.
- 4.14 The decision to approve the modification of the contract needs to be made to allow activity to continue on the site. Any further delay to the programme would potentially create a greater financial uplift to the project in the form of contractor preliminaries and may extend the re-opening of the town hall further.
- 4.15 In addition, due to associated external funding grant awards, especially the European Regional Development Fund and associated terms and conditions, the Council is at an increased risk of grant clawback if work activity on site halts and the project cannot be delivered in line with grant approvals. Together these potential implications would seriously prejudice the interests of the Council

5 Effect upon policy framework and procedure rules

- 5.1 There is no effect on the Council's policy framework and procedure rules.

6 Equality Act 2010 implications

- 6.1 An initial Equality Impact Assessment (EIA) screening has identified that there would be no negative impact on those with one or more of the protected

characteristics, on socio-economic disadvantage or the use of the Welsh Language. It is therefore not necessary to carry out a full EIA on this proposal. The proposed scheme will develop full disabled access to the Town Hall for the first time. The project as a whole will ensure that there is a positive impact on the equalities agenda.

7 Well-being of Future Generation (Wales) Act 2015 implications

7.1 The Well-being of Future Generations (Wales) Act 2015 Assessment Template has been completed and a summary of the implications from the assessment relating to the five ways of working is below:

- Long Term: The regeneration of the Town Hall will drive local prosperity, providing local employment opportunities and offering better environments to promote the health and well-being of those who live, work and visit town centres in the long term.
- Prevention: By improving the Town Hall it will strengthen the existing economic assets of not just the Town Hall but surrounding businesses while diversifying its economic base. Converting underutilised commercial space into economically productive property also helps boost the profitability of the town centre.
- Integration: The project will focus on delivering a set of physical, commercial and social improvements through re-developing an iconic Grade II listed building which in recent years has been under used. The project will generate employment opportunities; provide a prominent and suitable arena for commercial, learning and cultural use and help sustain Maesteg Town Centre and increase town centre footfall.

Collaboration: The Authority will be undertaking a partnership approach to deliver positive enhancement to a key site that will include for repair, restoration and extension of a prominent listed building. The Authority, in partnership with our cultural services providers Awen Cultural Trust, have carefully developed the project through a combination of consultation and community engagement, technical testing and development.

- Involvement: Investing in a community offers a means to connect with local stakeholders. Strong, resilient communities will reinforce the regional and Welsh culture which is a key feature in promoting visitors and tourists to the area. Increased visitor numbers to the Town Hall will help to make the Cardiff Capital Region a more prosperous environment.

8 Financial implications

8.1 The request to increase the works contract falls within the Capital financial envelope for the Maesteg Town Hall Re-development within the Council approved Capital Programme, due primarily to additional external funding that has been secured (£250,000 Transforming Town grant – reported to Council in

July 2022, and £395,000 WG Building for the Future programme – reported to Council Oct 2022). Therefore, no further monies are required to support the request to increase the contract value.

9 Recommendation

9.1 Cabinet is recommended to:

Authorise the modification of the Maesteg Town Hall re-development construction works contract to include additional works and services by the contractor which have and continue to be necessary since the initial procurement and increase the contract value to £7,708,417 in accordance with rules 3.3.2 and 3.3.3 of the Council's Contract Procedure Rules.

Note the delays in the project timescales and that a revised timetable is being developed with the contractor as part of on-going discussion.

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CORPORATE DIRECTOR – COMMUNITIES

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Background documents: None