

Meeting of:	CABINET
Date of Meeting:	16 APRIL 2024
Report Title:	PORTHCAWL GRAND PAVILION LEVELLING UP FUND PROJECT UPDATE
Report Owner / Corporate Director:	CORPORATE DIRECTOR COMMUNITIES
Responsible Officer:	DELYTH WEBB GROUP MANAGER STRATEGIC REGENERATION
Policy Framework and Procedure Rules:	This report includes a proposal to suspend the requirements of the Council's Contract Procedure Rules.
Executive Summary:	The purpose of the report is to provide an update to Cabinet on progress made in relation to the Porthcawl Grand Pavilion project and to seek Cabinet approval for the further suspension of the Council's Contract Procedure Rules to allow AWEN to increase the fee related to the design commission agreed by Cabinet in October 2023.

1. Purpose of Report

- 1.1 The purpose of the report is to provide an update to Cabinet on progress made and decisions taken in relation to the design, procurement and programme of the Porthcawl Grand Pavilion project. The report also seeks approval from Cabinet to the further suspension of the Council's Contract Procedure Rules to allow AWEN to increase the fee for the commission between Awen and Purcell to cover the costs of the design changes as part of a recent value engineering exercise.

2. Background

- 2.1 In January 2023, the Council were informed that a bid to the UK Government's Levelling Up Fund (LUF) for the Bridgend Constituency was successful and that the

Council would be awarded £17,998,316 towards the redevelopment of the Grand Pavilion Porthcawl.

- 2.2 The approved bid for the redevelopment of the Grade II Listed Grand Pavilion in Porthcawl is to address the existing issues of risk to the building fabric whilst also meeting the needs and aspirations of local people for extended and improved arts and cultural spaces, business and workshop opportunities and improved welfare and function spaces.
- 2.3 It is worth noting that there have been delays to progressing the project, which include delays in the initial decision making process by UK Government from October 2022 until January 2023, and subsequently in the receipt of monitoring guidance from UK Government until May 2023. It is also the case that the required documentation for submission changed between rounds one and two, in addition to a change in the statutory regime on subsidy control. All of these have meant that it has been very difficult to progress work on the project as it would have been at risk to the Council.
- 2.4 Current terms of the grant award set out that the project will be completed by Spring of 2025. Several conversations have now taken place with the LUF Monitoring team about extending the deadline and informal agreement has now been given to reprofile the delivery and finance up to March 2026. It is now imperative that the project progresses at pace, that the detailed design stage is completed, planning permission approved, and that the procurement of a professional services team and main contractor is in place to enable works on the building itself to commence in the Winter of 2024.
- 2.5 On 17th October 2023 Cabinet approved the suspension of the authority's Contract Procedure Rules (CPR) to allow our cultural partner AWEN, to procure the RIBA Stage 4 design work for the Grand Pavilion Porthcawl with Purcell's Architects in order to progress with the design process. This report now provides an update on the design and procurement work which is progressing at pace.

3. Current situation / proposal

- 3.1 Since October 2023 design work has been progressing well and a review of the work which has informed the RIBA stage 3 designs and LUF application has been completed. This included a design freeze which took place during December 2023. A review of design costs was required to account for cost price inflation and the change in the construction market since the initial designs were costed. Subsequently, we have undertaken a value engineering exercise to reconsider and review the design, programme and costs associated with progressing to tender for the main works contract within the existing budget.
- 3.2 Design amendments and costs have been reviewed and agreed by Programme Board and were also presented to Cabinet and Corporate Management Board (CCMB) on February 6th 2024. It is important to note that no design changes have impacted on the LUF approved outputs.

- 3.3 Following this work updated plans have also been submitted to Planning and will be presented to Development Control Committee (DCC) for approval on April 29th 2024.
- 3.4 A Grand Pavilion Programme Manager has been appointed to oversee the programme and support the delivery of the project.

Procurement

- 3.5 An invitation to tender for an Enabling Works Contract is currently being advertised on Sell2Wales. The tender process closes on the 8th April 2024, with the enabling works expected to start on the 28th May 2024. A number of surveys are currently being undertaken in preparation for the enabling works and to inform the tender process for the main works contract.
- 3.6 This work is being carried out following lessons learned from a previous project which identified the undertaking of extensive pre-contract surveys as a means of mitigating against unforeseen works post contract award, to avoid scope creep and cost increases. The enabling work will comprise of stripping out the inner part of the Grand Pavilion building. The benefit of completing this work will be to expedite work within the main works contract by adding detail to the requirements of the main contract and to provide greater cost certainty.
- 3.7 In line with the authority's CPRs a tender process is also currently underway via a ESPO Framework Agreement to procure professional services consisting of a multi-disciplinary project management team to support the delivery of the works on Grand Pavilion Porthcawl Project for RIBA Stages 4B – 7.
- 3.8 On 21st November 2023 Cabinet delegated authority to the Director of Communities, in consultation with the Chief Officer - Legal & Regulatory Services, HR & Corporate Policy and Chief Officer – Finance, Performance and Change, to progress the invitation to tender for the construction works following the completion of the design process.
- 3.9 To progress this a procurement sub-group, which includes programme board members, procurement and legal officers, are currently taking advice from both our external project manager and legal advisors to determine the most appropriate programme and procurement route for the construction works contract. The two options for consideration are a single stage design and build contract or two stage traditional contract. Appointed cost consultants, Focus, will be providing a report with the options and recommendations on procurement route for the construction phase. After a review of the proposal by our external legal support, Programme Board will be presented with the report recommendations to approve a final procurement route and which contract to take forward for the construction works.
- 3.10 An urgent Cabinet member decision made in August 2023 (decision CMM-PRU- 23-30) and Cabinet decision dated 17th October 2023 gave approval to suspend the requirements of the Council's CPRs and to appoint our cultural services partner

AWEN to procure the services of Purcell's Architect's for the RIBA Stage 4 design appointment via the PAGABO framework.

- 3.11 The initial contract value of the RIBA Stage 4 design appointment was £750,000 which is being met by LUF Funding on an at risk basis. The Council's CPRs ensure that procurement exercises are lawful and carried out in compliance with the requirements of the Public Contracts Regulations 2015 and satisfy principles of transparency, non-discrimination and equal treatment. In agreeing to suspend the CPRs the Council is exposed to the risk of potential challenge from other providers of such services on the basis that the award breaches regulatory requirements. Suspending the requirements of the Council's CPRs also presents a potential risk of funding clawback as the LUF funding conditions contain a requirement that the Council ensure that all legal and other statutory obligations and consents be adhered to including procurement duties.
- 3.12 As a result of the extensive review and value engineering exercise which has taken place to ensure that an affordable design is being progressed, Purcell have incurred additional costs related to the design changes, at a total cost of £80,418.56. Approval is therefore sought for the continued suspension of the requirements of the Council's CPRs and approval to appoint AWEN to procure services on behalf of the Council for the additional service requirement and associated costs.

Governance

- 3.13 External legal advisors have been appointed to provide a subsidy control opinion setting out the options available to award a subsidy to AWEN through the grant of a lease for the newly refurbished Grand Pavilion and a future report will be presented to Cabinet setting out those options.

Communications

- 3.14 A Grand Pavilion Stakeholder Group has been established as a conduit to ensure the local community is aware of progress on the project. The group met in February and will continue to meet throughout the project. Neighbouring residents have also been engaged with and information communicated to ensure any concerns are responded to.
- 3.15 A dust monitoring survey will be taking place over a 13 week period at the Grand Pavilion to monitor the air quality and establish a baseline from which any adverse impact from the main construction can be monitored.

4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 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 policy or proposal.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The Well-being of Future Generations (Wales) Act 2015 Assessment based on the 5 ways of working has been considered:

- Long Term - Investment in, and redevelopment of, major infrastructure is critical to developing confidence in and growing the economy, ensuring local investment while providing the ability to operate across the region and beyond. Investment in some of our major assets is also essential to secure their long term sustainability and contribution to the reduction in carbon emissions of our infrastructure and assets.
- Prevention - Investment in assets now will prevent further decline in the integrity of our structures. It will also prevent a decline in local environment and the quality of cultural and business facilities within our communities.
- Integration - This project will ensure that local cultural facilities will be provided and integrated into the local community. The public will be able to make better use of existing facilities and will be provided with greater social opportunity, employment and pride in their community.
- Collaboration - The success of the project will be founded on cross sector working and collaborative effort with our delivery partners, stakeholders and professional advisors to use creative and cultural activity to improve population well-being.
- Involvement - The success of this project will rest of the effective engagement with key public and operational stakeholders. This will be through formal channels such as the planning process and on-going public and stakeholder conversations during design and delivery.

5.2 There are no significant or unacceptable impacts upon the achievement of the Council's well-being goals/objectives.

6. Climate Change Implications

6.1 Taking action to support decarbonisation is critically important in order to protect and sustain the environment over the long term. The proposed development at the Grand Pavilion Porthcawl will consider all available options within its design and delivery to meet a reduction in carbon emissions aligned with the Council's wider decarbonisation commitment. This is a Grade II listed building, with significant value in its original design and construction. However significant emphasis will be placed on mitigating and reducing the carbon emissions of our heritage infrastructure and assets.

7. Safeguarding and Corporate Parent Implications

7.1 Due regard has been paid to the Council's Safeguarding Policy which seeks to safeguard and promote the wellbeing of children, young people and adults at risk of abuse or neglect and to ensure that effective practices are in place throughout the Council and its commissioned services. Given the subject matter of this report no negative safeguarding implications have been identified.

8. Financial Implications

8.1 The financial position relating to the overall project cost has not changed since the submission of the LUF project application, and since previous Cabinet and Council reports.

8.2 The LUF application encouraged a minimum 10% match funding requirement for each project. This was set out in a report to Council in July 2022. At the meeting Council approved a £1,999,800 contribution from Bridgend Council towards the scheme.

8.3 The anticipated overall project costs are as follows:

<i>Porthcawl Grand Pavilion redevelopment</i>	
Levelling up Fund	£17,998,316
Match funding requirement	£1,999,800
Total Project Cost	£19,998,116

8.4 The reasons for the variation to the costs relating to the design process have been set out in 3.12. The additional costs of £80,418.56 can still be met within the total project budget approved within the LUF grant.

8.5 By progressing with the tender process for the main works contract for this project, consideration of the financial implications, project cost and programme can be assessed and considered in due course by officers, Cabinet and, if necessary, Council.

9. Recommendations

9.1 It is recommended that Cabinet: -

- Note that progress has been made in connection with the design of the project, procurement, communications and any future activity.
- Agree to the further suspension of the Council's CPR's to allow AWEN to procure the remainder of the RIBA Stage 4 design work for the Grand Pavilion with Purcell's Architects at an additional value of up to £80,418.56.

- Note that a report will be presented to Cabinet to award the main contract in due course.

Background documents:

None