

Meeting of:	COUNCIL
Date of Meeting:	12 MARCH 2025
Report Title:	CAPITAL SUPPORT FOR THE GRAND PAVILION PORTHCAWL PROJECT
Report Owner / Corporate Director:	CORPORATE DIRECTOR COMMUNITIES CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	DELYTH WEBB GROUP MANAGER STRATEGIC REGENERATION
Policy Framework and Procedure Rules:	There is no effect upon the Council's policy framework or procedure rules.
Executive Summary:	<p>The report seeks Council approval to allocate additional capital funds in order to support the delivery of the Grand Pavilion, Porthcawl refurbishment, extension and enhancement project.</p> <p>The funds have been received from the sale of land identified as part of the new Owners Agreement reached to jointly progress the Porthcawl Regeneration Programme with Welsh Government.</p>

1. Purpose of Report

- 1.1 The purpose of this report is to request that Council revise the capital programme to include an anticipated capital payment to be made to BCBC by Welsh Government (WG) upon completion of the new Owners Agreement to support the Grand Pavilion, Porthcawl project.
- 1.2 In order to support this request the report provides a synopsis of the revision of the Owners Agreement which supports the delivery of the regeneration programme across the Porthcawl Waterfront Regeneration Area and an update of the Pavilion Project and the need for the funds to be allocated in the reported way.

2. Background

- 2.1 BCBC has had a long term commitment and ambition to bring about significant regeneration and investment across Porthcawl waterfront. The process to bring about regeneration has

taken time, and following a number of positive changes and decisions the authority has the ability to progress multiple projects across the area.

- 2.2 In January 2023 a bid to the UK Government's Levelling Up Fund (LUF) was successful and BCBC was awarded £17,998,316 towards the redevelopment of the Grand Pavilion Porthcawl. This project is currently supported by £2 million of BCBC match funding, which was a condition of the grant that the Local Authority provided 10% of the total scheme cost.
- 2.3 Substantial progress has been made on the Grand Pavilion project. Following planning permission and listed building consent being approved on the 29th April 2024 the initial preparatory works, including internal strip out of the building is now complete.
- 2.4 The next phase of work is subject to award of the Grand Pavilion Re-development main works contract, following the tender exercise which closed on 3rd February 2025. A summary of the tender process and evaluation is outlined in detail later in this report.
- 2.5 In parallel to the Grand Pavilion project work has progressed across the Porthcawl Waterfront Regeneration Area. In March 2023 Welsh Government acquired the freehold of the Coney Beach Fun Fair site and Sandy Bay (previously owned by the Evans family). In line with the prior authorisation by Cabinet, the Owners Agreement was subject to a deed of variation and deed of novation which has resulted in WG being party to the Owners Agreement as varied alongside BCBC.
- 2.6 Cabinet resolved to delegate authority to the Corporate Director Communities in consultation with the Chief Officer Legal and Regulatory Services, HR and Corporate Policy, to finalise the contractual terms, to amend the terms of the Owners Agreement and to agree the amended terms with Welsh Government; also to formally enter into a new Owners Agreement with Welsh Government and to execute all necessary documentation to create the new Owners Agreement.
- 2.7 The ability to work alongside Welsh Government has enabled significant progress to be made on the regeneration programme and enables a joint approach to delivery, which is considered and has placemaking and enhancement of the Porthcawl community as a driver as opposed to a purely commercial and market driven approach.

3. Current situation / proposal

- 3.1 The new Owners Agreement for Porthcawl Waterfront Regeneration Area includes a shared title arrangement for Salt Lake and Hillsboro North resulting, in BCBC and WG jointly owning this land, in line with the amendment to the original longstanding Owners Agreement for Sandy Bay.
- 3.2 Pursuant to the terms of the new Owners Agreement, where the details were contained within an exempt report to Cabinet in November 2024 and the 11th March 2025, a payment of £4m will be made to BCBC from Welsh Government, when the Owners Agreement completes. Welsh Government have recommended that the payment is utilised to support further regeneration and infrastructure projects within Porthcawl. The significant Welsh Government investment is being made on the basis that it will act to safeguard and expedite the delivery of much needed regenerative development within Porthcawl and the conditionality of the payment ensures this outcome is achieved.

Porthcawl Grand Pavilion project

- 3.3 On the 14th November 2024 tenderers were invited to bid for the Grand Pavilion Re-development Main Works Contract via Lot 7 of the South East and Mid Wales Collaborative Construction (SEWSCAP) 4 Framework. A Single Stage Design & Build procurement route has been followed with the cost of works capped at £20,345,000, and split into two work packages. The table below outlines the respective work packages scope and cost caps

Construction Works Package	Price Cap for Tender
Package A: Watertight and Services	£16,800,000 (Capped).
Package B: Finishing the building to be Building Regs compliant	£3,545,000 (Capped)
Package A and B Combined	£20,345,000,

- 3.4 The reason the tender is split into two packages is due to funding being already secured for package A and additional funding needing to be sought for package B from the WG Owners Agreement. These are two distinctive works packages, however both packages will need to be completed to be able to get a building that is finished to building regulations standards.
- 3.5 Costs for this project have changed and increased since the original designs were costed in 2022. Despite an exercise in Value Engineering, two separate tender exercises have demonstrated that the market in 2025 has changed significantly and, due to market inflation and significant changes to material costs, the baseline cost of this project has changed. A compliant tender, under the price cap has been received and Cabinet have been asked to award this tender, subject to Council approval of use of the £4m for the Project.
- 3.6 Following the completion of Packages A and B, further contracts will be required to complete fit out and enable the Grand Pavilion to re-open. The estimated total value of future contracts is £2,932,702. External grant funding is being actively sought to cover these additional costs. These include the National Lottery Heritage, CADW, Arts Council and our partners AWEN are also accessing grant sources not available to the Council. Should all of the additional external grant monies not be secured for the fit out, then the Pavilion will not open in its entirety. The fit out will be prioritised to ensure that the main auditorium and ancillary uses, such as reception, toilets etc are completed as a priority. Those areas which, if necessary, would be fitted out at a later date, include the new roof top spaces and the new studio addition. One of the most favourable options, in the absence of external grant funding would be to seek commercial opportunities, whereby the areas would be leased and fitted out by the occupiers. This would need to be undertaken in collaboration with AWEN, our operating partners, so as not to impact on their future business model for the Pavilion.
- 3.7 In order to safeguard and support the Grand Pavilion project, it is proposed that approval be sought from Council to amend the capital programme to ringfence and include the anticipated capital payment of £4m (less land transaction tax payable – a balance remaining of £3,867,125.) to that project. The allocation of monies in this manner would satisfy the terms of the new Owners Agreement. For clarity the £4 million payment has not yet been received by the authority and therefore the proposed use of the monies and associated capital allocation is to be made on the basis that the Owners Agreement completes. The Welsh Government Minister approved the Owners Agreement on the 4th March 2025. If the transaction does not complete as anticipated, or Council does not approve the allocation,

then the contract for the Grand Pavilion will not be awarded. In this case the Council would risk losing the £18m LUF funding and the site becoming stalled.

- 3.8 Any monies from the proposed allocation that remain unspent or uncommitted to package B would contribute to deliver Phase 2 (Fit Out) of the Grand Pavilion works.
- 3.9 If the Grand Pavilion main works contract is successfully awarded, works will begin onsite during May 2025 and are anticipated to be completed by Spring 2027. This is currently outside of the timeframe for the LUF grant funding, which runs until March 2026. The UK Government has just announced that the LUF is being extended until 2028, so, from discussion between officers and UK Government Officials, it is likely that our grant deadline will be realigned to match the construction programme for the Pavilion. However, in the unlikely event this does not happen, as the contract value is now beyond the LUF grant monies allocated (18m), the project will expend LUF grant monies first and then use the BCBC and additional WG allocation at the later stages.

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

- 4.1 An Updated 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 This report and proposed regeneration across Porthcawl assists in the achievement of the following corporate well-being objectives under the Well-being of Future Generations (Wales) Act 2015:-
- A County Borough where we protect our most vulnerable – Supporting people facing homelessness to find a place to live
 - A County Borough with fair work, skilled, high-quality jobs and thriving towns – · Improving our town centres, making them safer and more attractive · Attracting investment and supporting new and existing local businesses.
 - A County Borough where we help people meet their potential – Providing safe, supportive schools with high quality teaching and expanding Welsh medium education opportunities ·
 - A County Borough that is responding to the climate and nature emergency – Moving towards net zero carbon and improving the energy efficiency of our buildings and services. Improving flood defences and schemes to reduce flooding of our homes and businesses
 - A County Borough where people feel valued, heard and part of their community – · Improving the way we engage with local people, including young people, listening to their views and acting on them ·
 - A County Borough where we support people to live healthy and happy lives –Improving active travel routes and facilities so people can walk and cycle, offering attractive leisure and cultural activities and improving children's play facilities and opportunities ·

5.2 The Well-being of Future Generations (Wales) Act 2015 Assessment based on the 5 ways of working has been considered and there are no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report. A summary assessment has been outlined below.

- Long term - The Porthcawl Waterfront Regeneration and Grand Pavilion projects are strategic regeneration projects which have the potential to add vibrancy to the locality through the provision of new housing, leisure and tourism opportunities, as well as retail and commercial developments; set within appropriate open space, parking and public realm.
- Prevention – the current Waterfront sites are largely unoccupied and under-utilised and detract from the attractiveness of the area.
- Integration – the Waterfront development will integrate with and access the existing town centre, sea front and leisure developments.
- Collaboration – the Council will continue to collaborate with residents, visitors and end users of this project to ensure successful and sustainable development and outcomes.
- Involvement – ongoing engagement with the community will continue to be an important facet of this project.

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 Owners Agreement specifically includes a commitment to maximising the provision of low carbon homes and as such is directly aligned with the Council's wider decarbonisation commitment. Additionally, facilitating the delivery of regeneration of a previously developed site within existing settlement boundaries represents an inherently sustainable form of development that is sequentially preferential to the development of greenfield land.

7. Safeguarding and Corporate Parent Implications

7.1 There are no safeguarding and corporate parent implications arising from this report.

8. Financial Implications

8.1 In line with the terms of the new Owners Agreement previously agreed by Cabinet, the proposed £4m (minus the LTT) WG payment in relation to the Salt Lake and Hillsboro North is allocated to support existing and future regeneration and infrastructure projects within Porthcawl.

8.2 The proposed use of this funding to support the Grand Pavilion project would be fully compliant with this previous cabinet resolution and the underlying Welsh Government request. Without this additional capital support the Grand Pavilion project will be at risk of failing since, if the anticipated funding gap cannot be bridged, then the Levelling Up Fund monies will in turn be lost and the Council would be faced with either placing the project on hold or finding alternative means to fund the full project costs. This could potentially result in having to repay UK Government approximately £1.3m spent to date on the project, plus not being able to claim the remainder of LUF grant of circa £16.7m. This will also leave the building empty and unusable. The appointed project Cost Consultants have undertaken a high level costing exercise and have estimated it will cost the authority between £13m to £15m to bring the property back into use and to maintain the listed building to the expected standard. This

would include reinstating the building to a useable condition, not extending it as proposed under the LUF grant but also addressing key repairs to the building's fabric. This would include addressing the concrete spawling, new roofing, heating, lighting and amenities but it would not include the studio extension or the roof top pavilions. Another option available, in these difficult circumstances, would be to just undertake all necessary works to protect the building as a listed structure but to not fit it out for occupation. This could further reduce the costs to the Council by circa £3m but would mean that this prominent building would lay dormant and unusable, incurring non-recoverable revenue costs, until funding could be found in the future to complete the fit out.

- 8.3 As outlined in paragraph 3.9 any monies from the proposed allocation that remain unspent or uncommitted to package B would contribute to deliver Phase 2 (Fit Out) of the Grand Pavilion works.
- 8.4 By requesting that the Council allocates the additional £4m (less LTT) to the Grand Pavilion, this will ensure that it is constructed to Building Regulation standards. In order to complete the internal specialist fit out a further £2,932,702 is required to be raised. This is not being sought from BCBC, other than any balance remaining on the £4m from Welsh Government and will be sourced through applications to various funders, including CADW, National Heritage Lottery, Arts Council for Wales and Welsh Government. We may also consider seeking commercial opportunities, working with our partners AWEN.
- 8.6 Should Council not allocate this money to the Grand Pavilion, this project is at serious risk of not being delivered. The Pavilion, a prominent listed building on the waterfront, will remain closed and unusable until an alternative opportunity can be found. The Levelling Up Fund grant will therefore also be at serious risk of being repaid to UK Government. Also, as set out in paragraph 8.2 above it could cost the authority between £13m - £15m to bring the property back into use and to maintain it to the expected Listed Building Act standard.
- 8.7 There is currently an allocation of circa £2.5m uncommitted in the Capital Programme (Porthcawl Regeneration scheme) to deliver key infrastructure projects in Porthcawl. It is not proposed that this money is used for the Grand Pavilion, as it is required for key areas, such as the delivery of the dock street link and the linear park on Salt Lake. As part of the Owners Agreement with WG, all expenditure on key infrastructure will be matched on a 50/50 basis. So, the delivery of these key elements is safeguarded in that respect along with other key infrastructure, such as roads and footpaths and areas of children's play being delivered by Section 106 agreements from the various developments that will take place as part of the Waterfront regeneration.

9. Recommendation

- 9.1 It is recommended that Council: -
- Note the information within the report relating to both the Porthcawl Waterfront Regeneration Area Owners Agreement and the Grand Pavilion Porthcawl project costs.
 - Agree that, upon the completion of the Owners Agreement, to revise the capital programme to include additional funding of £3,867,125 million to support the Grand Pavilion, Porthcawl project.