

<b>Report to</b>	Cabinet
<b>Date of meeting</b>	27 April 2021
<b>Lead Member / Officer</b>	Cllr Hugh Evans OBE Leader of the Council Lead Member for the Economy and Corporate Governance  Cllr Julian Thompson-Hill Deputy Leader of the Council Lead Member for Finance, Performance and Strategic Assets
<b>Report author</b>	Russell Vaughan
<b>Title</b>	Queens Buildings Rhyl – Phase 1 procurement

## **1. What is the report about?**

This report has been produced to seek approval from Cabinet to embark on the procurement strategy detailed for a main contractor for Phase 1 of the Queens Buildings Rhyl development.

## **2. What is the reason for making this report?**

To update Cabinet on the Queens Buildings Rhyl project and a decision is required to embark on the procurement strategy to appoint a main contractor for Phase 1 of the development.

## **3. What are the Recommendations?**

That Cabinet approves the procurement strategy to appoint a main contractor for Phase 1 of the Queens Buildings Rhyl development.

## **4. Report details**

In March 2019, Denbighshire County Council (DCC) acquired a number of adjacent buildings in Rhyl town centre fronting onto the seafront promenade, known collectively as Queen's Buildings. The buildings were in a dilapidated state, with no active uses on upper floors (the seafront buildings are four stories) and significant void levels on the ground

floor. We have developed ambitious plans for the mixed use redevelopment of the site, plans of which are attached in appendix 1. The redevelopment of this site will not only remove a significant eyesore, but is critical to the regeneration and future economic success of Rhyl town centre.

The redevelopment is planned to progress in the following stages:

- Phase 1 – development of an indoor market hall and flexible event space, with associated external landscaping (phase 1 attached in appendix 2);
- Phase 2a – the development of a 5 storey office building on Queen Street;
- Phase 2b – the development of a 5 storey commercial/residential building on West parade;
- Phase 3 – the development of a further 5 storey commercial/residential building on West Parade (subject to additional property acquisition).

At this stage we are only looking to deliver phase 1, with additional phases subject to review in light of the COVID impact on public finances and associated grant funding and the impact of the pandemic on the economy and property market. Delivery timescales for phase 1 are attached as appendix 3.

The cost of delivering phase 1 is estimated at £10,922,261. The costs have been subject to extensive examination and we are confident that the project can be delivered within this funding envelope.

The removal of the remaining asbestos and demolition is currently taking place to enable the above phases and were subject to a separate procurement process and Delegated Decision in December 2020 (appendix 4).

We are now in a position where we need to appoint a main contractor to deliver Phase 1 and our intention is to utilise Lot 3 of the North Wales Construction Partnership (NWCP). The NWCP is a framework that is used to deliver a range of major projects across North Wales with a combined value of £500m, offering a host of opportunities for supply chain development. The estimate value of the Queens Phase 1 contract is £4m and the contractors within this lot are attached as Appendix 5.

## 5. How does the decision contribute to the Corporate Priorities?

The decision will contribute to the delivery of the Corporate Priority to achieve an attractive and protected environment supporting well-being and economic prosperity by;

- removing partially derelict town centre buildings and returning the site on which they currently stand to a productive use;
- providing premises which will enable the mix of uses in the town centre to be diversified thereby providing it with a sustainable and economically viable future;
- providing opportunities for new employment and business growth;
- stimulating the private sector to undertake further investment; and
- increasing biodiversity in an urban location.

## 6. What will it cost and how will it affect other services?

The current estimated cost to deliver Phase 1 is £10.922m, although this also includes costs that will enable, and lower costs, for future phases. This includes items such as the acquisition, asbestos removal, demolition and groundworks for the entire site within our ownership.

The funding to deliver this has been secured from a number of sources, see below table for further detail.

<b>Funding Source</b>	<b>Amount</b>
DCC Capital	£3,400,000
WEFO – Building for the Future	£3,150,000
Welsh Government – Targeted Match Funding	£2,500,000
Welsh Government – Transforming Towns fund	£809,261
DCC (WG Economic Stimulus Grant)	£811,000
DCC Asbestos Budget	£252,000
<b>TOTAL</b>	<b>£10,922,261</b>

The estimate value of the Queens Buildings Phase 1 contract is £4m and is contained within the above budget.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

The main conclusions of the assessment are that the proposal will have a positive impact on all of the well-being goals through the provision of a low carbon, fully accessible development which will improve communications and transport infrastructure in a location which will enable residents to access a wider range of services on foot or by cycling. The proposal will have a positive impact on the economy by improving the vitality of the town centre and increasing awareness of employment opportunities in the construction and leisure sectors. It will improve the attractiveness of the area by removing dereliction and improving community safety.

## **8. What consultations have been carried out with Scrutiny and others?**

**Cabinet Briefing** – numerous updates provided to Cabinet Briefing including September 7<sup>th</sup> 2020.

**Asset Management Group** - Approved a report to proceed with the conditional agreement to purchase the site in phases.

**Rhyl Member Area Group** - Supported the approach adopted by the Council as regards the acquisition of the properties on 19<sup>th</sup> March 2018. Further support received at their meeting held on 22/10/2018 and 08/04/2019. A special WebEx meeting was held on June 23<sup>rd</sup> and July 6<sup>th</sup> to update the MAG on the latest proposals, demolition and timescales, along with a further MAG meeting held in September 2020.

**Strategic Investment Group** - SIG were consulted on the proposal on the 30<sup>th</sup> October 2018 and recommended its approval to proceed subject to the comments and conditions contained in the Chief Finance Officer statement. A special SIG was held on Wednesday 9<sup>th</sup> September and they are supportive of the scheme on the proviso that the Rhyl MAG were also in support. An updated Business Case went to the September 2020 SIG.

**Economic and Business Development** - Consulted throughout the negotiations and in full support for the purchase. This is the key site required to deliver the Rhyl Town Centre Master Plan and the team will continue to be involved in its delivery.

**Queen's Buildings Stakeholder Group** – a new group has been convened to oversee and progress the development of the site. Membership includes high level representation from DCC and Welsh Government and their inaugural meeting is scheduled for Wednesday 14<sup>th</sup> April.

## **9. Chief Finance Officer Statement**

The report is supported as the procurement strategy will help ensure the successful completion of Phase 1 of the Queen's Building project which will also help ensure that grant already received will not be the subject of clawback. Appropriate approvals are already in place for the funding of Phase 1 of the project as detailed in the report.

## **10. What risks are there and is there anything we can do to reduce them?**

The key risks are:

If a decision to proceed with the procurement of appointing a Phase 1 contractor is delayed then the likelihood is that we will be unable to deliver the scheme and associated outputs within the grant funding deadlines. This would jeopardise the whole project and expose the council to the risk of £6.4m grant clawback.

Future phases are not developed – future phases will be reviewed in light of the impact of COVID on public finances and the economy/property market, with a view to identifying and implementing a deliverable scheme for future phases.

## **11. Power to make the decision**

Section 123, Local Government Act 1972