



CABINET – 9TH MARCH 2022

**SUBJECT: DEVELOPMENT OF MULTIPURPOSE VISITOR CENTRE AT
PARC PENALLTA**

REPORT BY: CORPORATE DIRECTOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To seek approval from Cabinet to continue the delivery programme for a multipurpose visitor centre at Parc Penallta in the 2022-23 financial year by accepting a Substitution Grant of £903,000 from Welsh Government in the 2021-22 financial year.
- 1.2 To advise Cabinet of the current anticipated residual funding shortfall for the scheme and to recommend that this be funded from the Corporate Projects capital budget.

2. SUMMARY

- 2.1 It has been the long-term ambition of the Council to establish a visitor centre within Parc Penallta. Public support for this development has increased as a consequence of Covid-19, with Parc Penallta seeing an increase in use by locals and visitors alike demonstrating the need for a multipurpose visitor centre at this location as well as reconfirming the opportunities it will present in the future.
- 2.2 The project has always been an ambitious one which would act as a flagship for the Local Authority, Welsh Government and the Valleys Regional Park initiative, however as a consequence of the design concepts, the construction techniques of delivery and complex supply chains it was expected to come at a premium. However, the additional cost implications associated with the Pandemic and Brexit were not anticipated.
- 2.3 Welsh Government officers have continued to support this project by offering Caerphilly CBC a substitution grant to the sum of £903,000 in the 2021-22 financial year.
- 2.4 The project was tendered some 7 months ago and the lowest returned tender totalled over £2m. However, the returned tenders have now expired and if it is to progress then the tender exercise will need to be repeated. Officers are working to secure additional funding but based upon the last tender exercise (with a project cost of £2,137,000) there is a shortfall of £1,078,000 as the current secured grants and reserved Countryside capital allocations amount to £1,059,000. A funding shortfall totalling £1,268,000, including a 10% contingency of £190,000, needs to be secured if the scheme is to progress.

3. RECOMMENDATIONS

- 3.1 That Cabinet accept the Substitution Grant offered by Welsh Government for the sum of £903,000 and deliver the multipurpose visitor centre in the 2022-23 financial year, as per anticipated grant condition(s).
- 3.2 That Cabinet approves setting aside £1,268,000 from the Corporate Projects capital budget in order to ensure delivery of the project subject to the detailed terms of the grant variation letter from Welsh Government.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 Welsh Government officers have stated that the funding cannot be extended further, as an extension has previously been granted for the project to be delivered in the 2021-22 financial year. If Welsh Government are not in a position to issue the substitution payment to CCBC by 18th March 2022 the grant will be officially cancelled and the money forfeited.
- 4.2 In order to deliver this scheme the £903,000 substitution grant offered by Welsh Government under the Discovery Gateway Capital Grant Fund is essential as it forms a significant percentage of the capital funding required to deliver this scheme.
- 4.3 Cabinet agreement to commit funding to address the current anticipated shortfall is required to ensure that the scheme can progress.

5. THE REPORT

- 5.1 In 2019-20 Caerphilly CBC secured £900,000 of funding under the Valleys Regional Park Discovery Gateway Capital Grant to develop and construct a new visitor centre with an estimated total project cost of £1.2 million at Parc Penallta, Ystrad Mynach. The proposal was to deliver a multipurpose visitor centre to act as a community centre/hub and discovery gateway and launch pad for residents and visitors to the Valleys Regional Park incorporating education facilities, interpretation, conference centre, a café, act as a health hub, a honeybee education centre and provide toilets and showering facilities. The enhancement of this country park will reinforce the importance of our environments, landscapes, communities and contribute towards a strong identity for Caerphilly County Borough, the Valleys Regional Park and Wales as a whole.
- 5.2 Whilst satisfaction ratings from users of the site are very good, the most commonly cited shortcoming is the lack of a dedicated visitor facility on site. This has been recognised for some time and it has been the long-term ambition of the Council to establish a visitor centre within this country park with over 20 years of development having taken place to get to this stage. Public support for this development has increased as a consequence of Covid-19, with Parc Penallta seeing an increase in use by locals and visitors of approximately 15% based on anecdotal evidence, demonstrating the need for a multipurpose visitor centre. Taking the pre-existing partnerships into consideration with the health board, the VRP guardian scheme and voluntary/community groups the visitor numbers are likely to significantly increase further and demonstrate the importance of the facility now and in future years. Approximately £450,000 has previously been invested from other sources in

establishing the land form and infrastructure for a new Visitor Centre on the site of the former Tredomen Tip.

- 5.3 With modern facilities the aim is to provide a hub in this part of the valley to work in partnership with Valleys Regional Park, Aneurin Bevan University Health Board, Natural Resources Wales, Welsh Government and the Council to deliver educational opportunities for schools, lifelong learning, local volunteer and community groups as well as health groups associated with Ystrad Mynach hospital.
- 5.4 Additional funding was secured under the Rural Community Development Fund of £128,000 (with an additional £32,000 of secured Match Funding) to deliver a Honeybee Education centre which will be incorporated into the visitor centre building. Officers are currently negotiating with the Scheme Management Unit to align the spending profile for this grant element with the proposed WG Substitution profile by requesting that the funding allocated for 2021-22 is re-allocated to the 2022-23 financial year. However, if negotiations are unsuccessful and funding is withdrawn (the funding having been previously withdrawn but reinstated at appeal), further cost savings will be identified by removing the honeybee education element from the wider scheme.
- 5.5 The proposal will improve community well-being by providing a healthy environment and delivering space for recreation, transport corridors and training opportunities which will bring communities together and decrease inactivity, improve respiratory conditions and mental health as well as encouraging people to take ownership of their landscapes and their distinctive qualities which in turn will improve the tourism offer.
- 5.6 Caerphilly CBC and the delivery team responsible for completing the project, have been operating under the exceptional circumstances associated with Covid-19 throughout the course of 2020 and 2021 with a significant impact on service delivery and provision. These exceptional circumstances have had an impact on their ability to deliver programmes in a normal way resulting in delays to delivery and spending timetables. Such delays are not unique to CCBC and delays to large schemes have been impacted across Wales and further afield. Despite the unprecedented demands placed on the public sector, the delivery team have continued to develop and progress the wider project.
- 5.7 Prior to the Covid-19 National Lock down (March 2020), the wider programme of works had achieved its key milestones with completed ground investigation works and reports, topographical surveys, building design principles agreed culminating in an agreed design to progress to tender stage.
- 5.8 During the initial consultation with the relevant departments within the Council it was made apparent by the Highways team that whilst not increasing capacity of the site, improvements on the A472 would be a condition attached to any Planning permission for the visitor Centre at this location. The outlined improvements require the installation of a ghost island on the A472 at the entrance to Forest Car Park and the visitor centre location. CCBC Highways officers have indicated that the improvements could cost up to £237,000 (with a £20,000 contingency included). Welsh Government provided an additional £100,000 of funding to contribute towards the required highway improvements.
- 5.9 The proposed visitor centre has been designed to illustrate best practice in terms of sustainability and future proofing and has been designed internally by Property Services. The building will incorporate local building materials utilising larch timber felled in Parc Penallta, seasoned and milled by a local timber mill to a suitable specification for cladding for this project which was delivered by the Wood-Lab-Pren

Rural Development Plan project. This will contribute to the multiplier effect of this investment and demonstrate the economic viability of locally sourced timber in the construction industry. The external cladding for the proposed visitor centre is currently in storage and will be utilised when the project progresses. An indication of external views of the building are included at Appendix A.

- 5.10 The project went out to tender on the 20th of August 2021 for a period of 8 weeks as part of the procurement exercise, whereby three contractors expressed an interest in tendering for the advertised design and build contract. The tenders were opened on the 15th of October 2021 and following prices were received:

Tenderer 1: £2,426,921.21

Tenderer 2: £3,137,023.48

Tenderer 3: Did not return tender

- 5.11 Both responses received were significantly over the available budget with £2,426,921.21 the lowest price submitted, although there was a substantial difference of circa £710,000 between the two tenders received, which in large part is resultant from increased material costs and supplier demand. Due to the time that has elapsed since the submission of the tenders the tender exercise will need to be repeated and there is a risk that this may further increase costs. However, it is expected that there are significant cost savings to be made on the submitted tender prices. All landscaping works will be undertaken in-house which would present a cost saving. In addition to the internal fixtures and fitting reductions, property services have identified other value engineering options which would lead to further cost savings, such as:

- Review the overall Mechanical and Electrical (M&E) Strategy with the M&E Consultants
- Amend the timber frame sectional sizes to standard dimensions
- Provide alternative finishes / products by alternative manufacturers

There are also some potential structural cost savings, although these are currently not being pursued.

- 5.12 Taking the value engineering options into consideration which were outlined in paragraph 5.11, the revised total project cost including highways improvements is expected to be £2,137,000. This leaves a current anticipated funding shortfall of £1,078,000 rising to £1,268,000 with the inclusion of a 10% contingency of £190,000 (see Section 8 for further details). It is expected that additional funding streams will be made available in the new financial year by grant bodies and CCBC officers will prepare and submit funding applications to secure additional Capital Funding and reduce the financial liability borne by the Council to deliver this project.

- 5.13 Welsh Government officers have continued to support this project by offering Caerphilly CBC a substitution grant whereby works undertaken by this authority for similar works including Green Infrastructure improvements, highway improvements, leisure and well-being developments during this financial year (2021-22) are funded by the grant up to the sum of £903,000. The value of grant awarded is then required to be spent in the delivery of the Visitor Centre at Parc Penallta in the 2022-23 financial year. Welsh Government have indicated the types of capital works undertaken during 2021/22 that they would consider suitable for substitution and officers have identified

projects that meet the required amount. This includes expenditure on highways, 3G pitches, the canal and surrounds, countryside budgets and allotment provision.

5.14 Conclusion

The project has always been an ambitious one which would act as a flagship for the Local Authority, Welsh Government and the Valleys Regional Park initiative, however as a consequence of the design concepts, the construction techniques of delivery and complex supply chains it was expected to come at a premium. However, the additional cost implications associated to the Pandemic and Brexit were not anticipated.

- 5.15 This report presents details of the current anticipated costs of the project and officers will continue to work diligently to reduce the direct financial contribution required by the Council to deliver this important enhancement to the country park. The returned tenders have now expired and if it is to progress then the tender exercise will need to be repeated which presents additional risk as the total cost of the scheme may increase, although it could be an opportunity as there could also be a reduction in the total cost to deliver this scheme. With planning permission being progressed, and following a 2 month period to re-tender, it is anticipated that the build will take 9 months meaning that the project could be completed by the Spring of 2023.

6. ASSUMPTIONS

- 6.1 The report identifies anticipated costs and funding based on information available at the present time. Should the visitor centre not be developed then Welsh Government would expect the substitution to be repaid and any shortfall in funding identified in this report will not be required. Officers do however consider that the project is both deliverable within the expected timeframes and that further funding can be obtained through external sources to reduce the CCBC contribution.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An Integrated Impact Assessment has not been carried out as this Report relates to funding arrangements for a project which is already in progress.

8. FINANCIAL IMPLICATIONS

- 8.1 The cost of the scheme is significantly backed by the initial grant award of £900,000 from Welsh Government's Discovery Gateway Capital Grant which was announced by the First Minister for Wales on the 11th of September 2019. A further £100,000 was provided under the same scheme to assist with the Highway access improvements required for this development, which brought Welsh Government's total contribution to this scheme to £1million. Caerphilly CBC has drawn down circa £97,000 of Grant Funding from Welsh Government as part of the Valleys Regional Park Discovery Gateway Capital Fund to date, to cover ground investigations, design fees and specialist consultants and contractors, which leaves an outstanding grant balance of £903,000 (the subject of WG substitution Grant).
- 8.2 The revised total project cost including highway improvements is £2,137,000 based on information currently available, albeit that there is a risk that this may increase further as a consequence of the retendering exercise that will need to take place. Available

grant budgets and reserved Countryside capital allocations amounting to £1,059,000 currently leaves a funding shortfall of £1,078,000. There is a contingency of £20k already included within the highway enhancement costs identified in the report. Due to the need to retender a further contingency of 10% of main project costs (circa £190k) is required, which increases the total shortfall requested to £1,268,000. Officers are working to access additional external funding and existing capital allocations will also be further reviewed to identify any amounts that can be allocated to this project. Any further opportunities to reduce project costs will also be considered. As a result, it may be possible to return some of the additional funding requested in this report to Council balances in due course. The requested figure of £1,268,000 is the anticipated funding shortfall based on information available at the present time.

- 8.3 It is expected that additional funding streams will be made available in the new financial year by grant bodies and CCBC officers will pursue any available funds by preparing and submitting applications to secure additional Capital Funding to reduce the financial liability borne by the Council to deliver this project.

9. PERSONNEL IMPLICATIONS

- 9.1 There will be a requirement for Officers from a number of services within the Authority to dedicate resources to the project outlined in order to progress this scheme.

10. CONSULTATIONS

- 10.1 All comments received from consultees have been incorporated into the report.

11. STATUTORY POWER

- 11.1 Local Government (Wales) Measure 2011.

Author: Dewi Thomas, Planning Officer – Green Spaces

Consultees: Councillor Nigel George, Cabinet Member for Waste, Public Protection and Street Scene
Councillor D.T Davies, Chair of Environment & Sustainability Scrutiny Committee
Councillor A. Hussey, Vice Chair of Environment & Sustainability Scrutiny Committee
Mark S. Williams, Corporate Director for Economy and Environment
Stephen Harris, Head of Financial Services & S151 Officer
Robert Hartshorn, Head of Public Protection, Community & Leisure Services
Mike Headington – Green Spaces and Transport Services Manager
Philip Griffiths – Green Space Strategy and Cemeteries Manager
Robert Tranter, Head of Legal Services and Monitoring Officer
Lynne Donovan, Head of People Services
David Roberts, Interim Finance Manager
Anwen Cullinane - Senior Policy Officer (Equalities, Welsh Language, and Consultation)

Background Papers: None

Appendices: Appendix A: External Views of Proposed Visitor Centre