

REPORT FROM: DIRECTOR OF RESOURCES (INTERIM)

TO: EXECUTIVE

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UPDATE ON COLNE LUF PROJECTS

PURPOSE OF REPORT

To update committee on progress on the 4 projects in Colne under the Levelling-up Funding, and to highlight current issues.

RECOMMENDATIONS

- (1) Approval is given to fund the overspend on the projects at Colne Heritage Quarter, as laid out in the report.
- (2) The committee approve a way forward from the options within the report.

REASONS FOR RECOMMENDATIONS

- (1) To enable works on-site to continue to progress and are finalised.
- (2) To support the desired outcome of all projects concerned.

BACKGROUND

1. In June 2021 Pendle submitted a BID for funding from the Levelling Up Fund.
2. The bid covered planned works to three Colne Theatres (under 'Heritage Quarter') and a project at Colne Market Hall.
3. The scope of the planned works at each site is shown in [Appendix A](#).

4. In October 2021 we received confirmation of an awarded £6,531,565, split as follows;

TABLE 1 – LUF Projects Funding

| COLNE LEVELLING UP PROJECTS | Funding Allocation (Per LUF) | Match Funding from PBC | External Match Funding | TOTAL Budget |
|-----------------------------------|------------------------------------|------------------------------|------------------------------|------------------|
| | | | | |
| Municipal Hall | 1,563,341 | 247,484 | | 1,810,825 |
| Little Theatre | 315,053 | | | 315,053 |
| Hippodrome | 1,583,335 | | 100,000 | 1,683,335 |
| | | | | |
| Colne Market | 3,069,836 | 305,672 | 1,400,000 | 4,775,508 |
| | | | | |
| Total | 6,531,565 | 553,156 | 1,500,000 | 8,584,721 |

PROGRESS UPDATES

5. The following updates have been provided to the funder on the most recent returns.
6. Little Theatre - the project is now complete, with the minor snagging to be done. The first performance, following the completion of the work, is taking place w/c 6th May 2024.
7. Hippodrome - the project is progressing well. There was a short delay to the delivery schedule of the outside works due to adverse weather, but this has been brought back on track, roof works are now complete and the extension to the building is now watertight. Inside renovations and building works have also progressed well, with the flooring and lift in situ, decoration and fit out of the kitchens underway. This project is expected to be completed by June 2024.
8. Municipal Hall - This project was delayed due to essential ceiling and balcony repairs uncovered during restoration works. The reparations and restoration are progressing well. The project is expected to be completed in July 2024. While this is later than planned, it still falls within the original delivery plan completion for the project as a whole. Defunct fire safety precautions such as the stage drenching system are being removed to reduce legionella risk. As this is a change to the Fire Strategy we have had to involve building control which has resulted in some additional costs.
9. Market Hall - All but one of the traders have been successfully relocated to the temporary premises. Works have started on the Market Hall, and the project is on course for completion of LUF-funded Market Hall works by March 2025. Site Hoarding will be erected late April / May 2024. We are experiencing some minor challenges around the suspension of the pathway, but the conversations with LCC regarding this are underway. The relocation of the last remaining tenant (Boots) and the progression of the construction works are planned for the next quarter.

ISSUE

10. All four projects are within our Capital Monitoring, which shows the total spend to date on all capital projects. This financial monitoring does not detail the projections on overall spend, or progress on site.
11. An internal review of reporting has concluded that LUF updates and executive reporting should all be aligned. Moving forward this committee will be briefed appropriately. The

PEARL board will also be briefed on the progress of the Market Hall Project once the works there begin.

12. The Match Funding for the Market was to come from the sale of the flats above the site. The timing and value of this funding was uncertain, which led to a change in the scope of the work to be carried out here. This has changed from a full demolition and rebuild to a refurbishment project.
13. In November 2023 the contractor at the Municipal Hall approached the Project Manager to highlight some structural issues with the building, and some Health and Safety concerns, which could not be ignored, if the scope of the intended work was to be completed to the required standard.
14. These issues impacted the project in two ways. Firstly the completion of the project would be pushed back by several months, and secondly there would be additional cost variations to contract to rectify these issues.
15. It was hoped with contingencies in place at the time, and with some projected underspends on the other projects, that these variations could be brought in within the envelope of the funding shown in Table 1.
16. However, these additional costs have now grown to exceed what is available within the Heritage Quarter funding, and to bring them within the LUF fund would now have a detrimental effect on the planned works at the Market Hall.
17. A grouped listing of the additional works which have been required is provided in table 2 below;

TABLE 2 – Municipal Hall Variations

| Area | Detail/Narrative | Amount |
|--------------------------------|--|-------------|
| Conservation of Ornate Ceiling | Lime plaster ceiling(s) in the auditorium and stair tower and balconies were found to be in danger of collapse. Work was undertaken to clean out debris from the ceiling void and to reinstate in the heritage lime plaster, cornicing, loose finials etc | £212,593.15 |
| Structure of Balcony | Safety concerns were raised about the balcony due to columns being out of plumb. A structural engineers survey was undertaken and confirmed that the balcony was moving and unsafe for public use. Further structural works came to light when the whole of the balcony was opened up requiring propping and steelwork to secure the structure. | £73,137.30 |
| Re-roofing & Bell Tower Works | Two roofs were in the contract for re-roofing. Following investigations and severe water ingress within the building five other re-roofs including Lightning Conductor upgrades were also required. The Bell Tower timber structure and roof were rotten and leaking and had to be replaced. | £160,584.60 |
| Fire Safety | There was no fire risk assessment or fire strategy in place for the site at the outset of the contract. The decision was taken to ask for the risk assessor attend site to ensure any upgrading works were completed as part of the contract to allow the theatre to open. This work entailed fire stopping compartment walls, repairs to fire doors and upgrading the stage | £ 51,645.29 |

| | | |
|----------------------------|---|--------------|
| Electrical & Data Upgrades | The electrics were not up to current standards and the distribution boards were obsolete. Seven distribution boards were upgraded and various lighting and data upgrades. | £ 83,887.91 |
| Contract Preliminary Costs | Each working week at site attracts site running costs. Additional weeks charged at circa £4,800 per week due to additional works described above. | £ 153,984.00 |
| | | £ 733,757.77 |

18. These known costs have now used up all contingencies and underspend across the heritage quarter fund, and push current projected outturn (on the theatres alone) to an £184k overspend.
19. The Market Hall budget of £3.375m is felt by the Project Manager to be under what is required to complete the works by approx. £124k
20. To attempt to produce a clear projection on the Municipal Hall final account we have approached the contractor for financial information on new works which have come to light, but are yet to be instructed. The table below sets out the costs of these essential works.

TABLE 3 – Municipal Hall New Essential Works

| Area | Detail/Narrative | Amount |
|---------------------------------------|---|-------------|
| Additional Fire Safety works to Stage | Following consultation with the fire and rescue service, final guidance has been provided May 2024. This prescribes safety cladding from basement level to the under-side of roof, around the stage. This now forms part of building control conditions for reopening | £70,329.63 |
| Pre-Paint Cleaning | Professional deep clean of all areas affected by structural repairs, to remove dust and debris, in preparation for final decoration. | £4,000.00 |
| Lesser Muni Kitchen Re-fit | Preparatory works to enable the use of units removed from Ace Centre. Kitchen fit-out price already included in projection. | £20,000.00 |
| Contingency | Amount to fulfil tasks/works, unforeseen, which are required to close off the project. | £20,000.00 |
| | | £114,329.63 |

21. All additional works at the Municipal Hall have now been halted whilst we reassess the required spend on these projects. However, there is a desire for the project to be completed to a good, refurbished standard. An estimated additional amount of £276k is required to avoid reinstating old fixtures and fittings within this renewed building. A listing of the works involved is provided in [Appendix B](#).
22. Table 4 below shows the current projections and requirements as described above.

TABLE 4 – PROJECTED OUTTURNS

| COLNE LEVELLING G UP PROJECTS | Funding Allocation (Per LUF) | Current Spend | Forecast at 25-Apr-2024 | New Essential Works May 2024 | Forecast Variance | Additional Amount for Finish |
|--|------------------------------------|------------------|----------------------------|---------------------------------------|----------------------|------------------------------------|
| | | | | | | |
| Municipal Hall | 1,810,825 | 1,592,797 | 2,040,900 | 114,330 | -344,405 | -276,000 |

| | | | | | | |
|----------------|------------------|------------------|------------------|----------------|-----------------|-----------------|
| Little Theatre | 315,053 | 263,860 | 315,569 | | -516 | 0 |
| Hippodrome | 1,583,335 | 1,298,410 | 1,537,169 | | 46,166 | 0 |
| | | | | | | |
| Colne Market | 3,375,508 | 201,763 | 3,500,000 | | -124,492 | 0 |
| | | | | | | |
| Total | 7,084,721 | 3,356,831 | 7,393,638 | 114,330 | -423,247 | -276,000 |

OPTIONS FOR PROGRESS

23. In order for progress to continue at the Municipal Hall, and for the facility to be re-opened and used as planned, one of the following options must be decided on;

Option 1: Only works within the contract should be undertaken going forward. This would seek to ensure no further overspend (over and above the £423k noted above) is incurred. This will see none of the works set out in Appendix B done. Old fixtures and fittings, some of which are not in good condition, will be reinstated.

Option 2: Agree to Match fund the required additional amount as noted above, to ensure the works to the Municipal Hall provide a refreshed/renewed facility. The additional amount requested, in addition to current over spend, would push the required amount to £699k. This would see all the works set out in Appendix B implemented.

Option 3: Agree that all further works must be funded from within the LUF envelope, and so all additional costs must force savings to be made on the one remaining project, the Market hall. This option would see further cut-backs to the Market Hall budget, and change the scope of the works to be undertaken. This assumes that the recommendation to fund the essential overspend is accepted.

24. Internal costs of borrowing should be noted here. There is an additional annual pressure on the revenue account of approximately £25,000 for every £500,000 spent for which the council has no specific funding.

IMPLICATIONS

Policy: None

Financial: As set out in the report.

Legal: None

Risk Management: None

Health and Safety: None

Sustainability: None

Community Safety: None

Equality and Diversity: None

APPENDICES Appendix A – LUF Bid Scope and Cost Estimates
Appendix B – Municipal Hall Finishing Works

LIST OF BACKGROUND PAPERS