

Meeting of:	Cabinet
Date of Meeting:	Thursday, 02 October 2025
Relevant Scrutiny Committee:	Place Scrutiny Committee
Report Title:	Barry Making Waves Levelling Up Fund Update Report
Purpose of Report:	To update Cabinet on the Levelling Up Fund projects.
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Director of Place
Elected Member and Officer Consultation:	<p>Operational Manager, Regeneration</p> <p>Operational Manager, Major Project Manager</p> <p>Operational Manager, Accountancy</p> <p>Head of Sustainable Development</p> <p>Operational Manager, Housing Development</p> <p>Operational Manager, Property</p> <p>Commercial and Consultancy Manager</p> <p>Principal Lawyer</p>
Policy Framework:	This is a matter for Executive decision by Cabinet

Executive Summary:

- This report seeks to update Cabinet on the progress to the Barry Making Waves 'Y Barri Creu Tonnau' Levelling Up Fund (LUF) projects.
- In May 2025, Associated British Port (ABP) advised the Council that they were no longer able to progress with the marina element of the project.
- On 3rd September 2025, UK Government wrote to the Council to outline simplification changes to the Levelling Up Fund. UK Government no longer require Local Authorities to seek approval from Ministry of Housing, Communities and Local Government (MHCLG) for any changes to project activities and/or spend profiles, subject to a number of conditions.
- The deadline for grant expenditure is March 2028.
- The projects to be delivered include:
 - The Mole – enabling works and infrastructure, public open space, an education and watersports activity centre and residential development.
 - The Docks Office – the refurbishment of the building to a dynamic business hub.

Recommendation

1. That Cabinet notes the formal response by the UK Government to the amended Levelling Up Fund (Round 3) award and endorses the arrangements relating to the delivery of the projects as described in the body of the report.

Reason for Recommendation

1. To apprise Cabinet of the current position regarding the funding from UK Government and the progress being made.

1. Background

- 1.1 Cabinet was last updated on 25th January 2024 (Cabinet Minute C219), and authorised a series of delegations to the Director of Place (in consultation with the Executive Leader and Cabinet Member for Performance and Resources, Chief Executive, Head of Finance/Section 151 Officer and the Monitoring Officer/Head of Legal and Democratic Services), pursuant to the delivery of the Barry Making Waves 'Y Barri Creu Tonnau' Levelling Up Fund (Round 3) project.
- 1.2 In November 2023, the Council were advised that their Round 3 Levelling Up application to UK Government had been approved for the Barry Making Waves regeneration proposal, and that funding had been allocated to the projects in accordance with the Round 2 bid.
- 1.3 Changes were made to the bid at this stage, and the Council submitted an adjusted bid in February 2024. The key changes in the adjusted bid were to omit the standalone business incubator space on the Mole, and include the Docks Office instead, and to locate the education and water sports activity centre on the Mole.
- 1.4 A formal funding announcement regarding the amendments were expected in summer 2024. However, this announcement was delayed due to a General Election (July 2024) and Autumn Budget (30th October 2024).
- 1.5 The UK Government announced that the Council had formally been awarded the Round 3 LUF funding totalling £19,785,183, and a Memorandum of Understanding was signed by UK Government on 28th November 2024.
- 1.6 In May 2025, Associated British Port (ABP) advised the Council that they were no longer able to progress with the marina element of the project. Having undertaken a market testing exercise, utilising third party experts and including engagement with marina operators, ABP concluded that they could not proceed with the investment required in a marina.
- 1.7 Since this announcement, Officers have met with UK Government to advise them of ABP's decision, and to establish what is required to make an amendment to the bid. UK Government advised the Council to continue progressing all other components of the project, as originally planned.

- 1.8** Whilst the omission of the marina will release money, due to cost inflation since the inception of the project and the abnormal costs associated with the remediation and enabling works at the Mole, it is anticipated that the full envelope will still be required to deliver the project, to ensure a high quality development overall.
- 1.9** The UK Government confirmed on 23rd July 2025 that the allocation had been secured up to March 2028 – an extension of time to deliver the plans.
- 1.10** On 3rd September 2025, UK Government wrote to the Council to outline simplification changes to the Levelling Up Fund. The Levelling Up Fund will now be amalgamated into The Local Regeneration Fund, which is a consolidation of existing local growth capital funds (Levelling Up Fund, Town Deals, and the Pathfinder Pilot). UK Government no longer require Local Authorities to seek approval from MHCLG for any changes to project activities and/or spend profiles as long as a number of conditions are met – further information available at [Local Regeneration Fund: technical guidance - GOV.UK](#).

2. Key Issues for Consideration

- 2.1** The Council is progressing the Barry Making Waves projects, as follows:
- The Dock Office**
- 2.2** The Council is currently tendering via Sell2Wales the opportunity for an operator to take on the management of the Dock Office, and to create an exciting and dynamic business hub.
- 2.3** The key objectives of the scheme include:
- providing a long-term solution for the future of the building,
 - delivering a flexible workspace operation, as well as delivering amenities which might complement the workspace and support the creation of a wider community hub.
- 2.4** The aim is to stimulate employment and economic growth in Barry and its surroundings. This could potentially be a mix of workspace products, such as private offices, dedicated desks, co-working spaces, meeting rooms of various sizes, in addition to event space, café, gym etc.
- 2.5** The tender is following a Four-Staged Tender Approach, in accordance with advice provided by Ardal.
- Stage 1 Wales Procurement Specific Questionnaire (WPSQ) was a high-level expression of interest, which was undertaken between 2nd May 2025 and 13th June 2025. 3 bids were received and considered sound and invited to Stage 2.
 - Stage 2 (Invitation to submit Initial Tender) was issued 1st August 2025 and bidders have until 19th September 2025 to respond. Responses will need to address how operators are proposing to utilise the space,

operational structure, outlining key personnel with clear responsibilities. Proposals will need to include what booking process will be implemented to ensure the space is maximised. Proposals will need provide full financial proposals, and community benefits.

- Stage 3 (Invitation to Participate in Dialogue) will enable negotiations between the shortlisted bidders and the Council around key topics.
- Stage 4 (Invitation to Submit Final Tender) will enable the opportunity for bidders to submit their final tenders following dialogue.

- 2.6** The intention is the Council would refurbish the Docks Offices to the equivalent to Category A standard, using the grant funding available. It is anticipated such works would be scheduled to commence on site during 2026/27.
- 2.7** It is intended that an operator/tenant would then be responsible for the interior fit out.
- 2.8** In addition to the above, the Council has employed a specialist consultant to review the fire escape strategy, and to design new fire egress provision to satisfy current fire regulations. The current proposals being examined include additional fire staircases to allow evacuation of all floors. These proposals are currently in preliminary design stage. The Council will be responsible for installing the additional staircase(s) within the grant funding envelope.

The Mole

- 2.9** Following the omission of the marina and associated infrastructure, the scheme has been amended and the projects to be delivered at the Mole include:
- Enabling groundworks and remediation at The Mole including site clearing, grading, excavation, and preparation of a suitable platform for the redevelopment of the site.
 - Infrastructure to serve the site, including a new spinal road.
 - A new educational and water sports activity centre, to include meeting rooms, educational/training rooms, function rooms, and a café area overlooking the water, as well as changing rooms, toilet facilities and boat storage.
 - Provision of public open space including hard and soft landscaping, seating and play areas, connecting into cycle and footpaths across the Mole.
 - Residential scheme to be delivered via the Council's House Building Programme (to be funded outside of the Levelling Up grant).
- 2.10** ABP currently own the freehold of the land. The Council is negotiating with ABP to purchase the freehold interest of the site to enable the Council to deliver the projects. Site Surveys are planned under licence from ABP as part of the due diligence required prior to purchasing the site.
- 2.11** In terms of project delivery, the Council has undertaken a joint procurement with Cardiff Council to appoint a development partner to deliver the Council's Housing

Development Programme as part of the Cardiff and Vale Partnership (Cabinet Minute C219). Cabinet resolved to appoint Lovell Partnerships as preferred bidder. The Partnership Agreement with Lovell Partnerships Limited and the Partnership Agreement between Cardiff Council, the Vale of Glamorgan Council and Lovell Partnerships Limited were formally completed on 25th September 2025.

- 2.12** Given that a proportion of the site will be used to support the Council's house building programme, and Lovells have recently been through a competitive process to deliver Council Housing in partnership with the Council, it is proposed that Lovell Partnership deliver the whole scheme at the Mole.
- 2.13** There is a pending hybrid planning application (planning reference 2023/00051/HYB) for this proposal. Work is currently being undertaken to update the masterplan and subsequent statements, in order to amend the application to reflect the omission of the marina, and other amendments to the scheme. Subsequent reserved matters will be developed and submitted in early 2026.
- 2.14** Subject to planning approval and land negotiations, it is anticipated that enabling works would start on site in the Spring of 2026.
- 2.15** It is anticipated that the full site would remain in Council ownership: the highway and park would be adopted by the Council. The land identified for residential development would be appropriated to the Housing Revenue Account, subject to an acceptable Valuation Report.
- 2.16** The intention would be for the Council to lease the education and watersports activity centre to a third party. A marketing exercise will need to be undertaken to secure the end users.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

The emerging proposals set out in this report accord with the five ways of working as follows:

Involvement: These projects have and will continue to be subject to discussions and engagement with partners.

Collaboration: The projects have and will continue to involve collaboration with other public sector bodies, investors/developers, businesses and third sector. The Partnership Agreement with Lovell Partnerships creates an opportunity to deliver at pace.

Integration: the proposals at both the Dock Office and the Mole will be developed to consider the wider area, and redevelopment of Barry Waterfront.

Prevention: the proposal at the Dock Office represents an opportunity as it repurposes the building and supports the longevity of the building as a strong hub on the waterfront. The proposals at the Mole will regenerate the land.

Long Term: the project proposed for the Dock Office will provide a long-term solution for the future of the Grade II* Listed building, by delivering a flexible commercial workspace appealing to a wide variety of local businesses to thrive. Further, the regeneration of the Mole will provide a comprehensive mixed use development, including a permanent based for water sports activity at Barry Waterfront.

4. Climate Change and Nature Implications

- 4.1** The Council will consider how the delivery of projects using the funds can work with the natural environment to achieve objectives and consider the impact on natural assets and nature. The proposed public open space at the Mole has great potential.

5. Resources and Legal Considerations

Financial

- 5.1** The Council has secured a UK Levelling Up Grant of £19,785,183 to deliver the scheme. UK Government has indicated that subject to the S151 Officer being satisfied, the full funding envelope will be issued, as originally granted.
- 5.2** The Council had also originally made provision for £2m from reserves and unsupported borrowing.
- 5.3** The original profile of funding was as follows:

	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000
Levelling Up fund	12,859	8,410	516	21,785
Sources of Funding				
Grant	12,035	7,750	0	19,785
Reserves	824	125	0	949
Unsupported Borrowing	0	535	516	1,051
Total	12,859	8,410	516	21,785

- 5.4** The funding will need to be reconsidered and reprofiled to reflect the omission of the marina. Whilst the omission of the marina will release money, due to cost inflation since the inception of the project, the abnormal costs associated with the remediation and enabling works at the Mole, and value engineering, it is anticipated that the full envelope will still be required to deliver the projects, to ensure a high-quality development overall.
- 5.5** The deadline of March 2028 for full spend of the award is very challenging and certain tasks have to be undertaken at risk given that there is currently no binding legal agreement with ABP for any of these proposals to progress.

Employment

5.6 The resourcing of the projects will be funded through the Levelling Up Fund.

Legal (Including Equalities)

5.7 Further legal advice will be sought by the externally commissioned law firm DWF who specialise in subsidy control advice to public sector bodies. Advice will be obtained to ensure compliance with subsidy control rules in demonstrating that the subsidy is proportionate and necessary to the objective.

6. Background Papers

None.