

ROTHESAY PAVILION UPDATE

1.0 INTRODUCTION

- 1.1 I refer members to the decision taken on the 9th December 2021 by the Policy and Resources Committee with regard to the pausing of the Rothesay Pavilion project given the particular set of challenging circumstances that had beset the project following the administration of the main contractor during the 2020 pandemic. At the same meeting Members also took the decision to establish a Rothesay Pavilion Lobbying Group in an effort to secure additional funds to enable the project to continue. This overarching report brings Members up to date with the current situation facing the Rothesay Pavilion project including a summary of the work undertaken by the Rothesay Pavilion Lobbying Group.
- 1.2 This report contains an accompanying Action Plan that has been taken forward by the Lobbying Group which consists of officers, councillors and a representative of the Rothesay Pavilion Charity.
- 1.3 The report also contains a number of recommendations for members to consider in relation to the including the delivery of the associated action plan and the continuation of the project to completion.

2.0 RECOMMENDATIONS

The Policy and Resources Committee are asked to:-

- 2.1 Note the content of the content of the report and progress made to date as contained within the report and Action Plan contained in Appendix B of this report.
- 2.2 Agree the continuation of the Rothesay Pavilion project as detailed in the accompanying report entitled Rothesay Pavilion – Financial and Contractual Issues.

3.0 ROTHESAY PAVILION CONTEXT

- 3.1 The Rothesay Pavilion refurbishment formed part of the Council's ambitious and forward looking regeneration programme that has been implemented across Argyll and Bute's main towns over a decade and more. The grade A

Pavilion building occupies a prominent location on the Rothesay waterfront the main settlement on Bute. Bute is a community that has been under significant economic pressure for a number of decades. The three pillars of the island's economy continues to be tourism, agriculture and food and drink produce however there remains an over reliance on the service sector for employment on the island with a significant percentage of this in the public sector. As the island struggles to find a sustainable economic function the claimant count has been consistently higher than the Scottish National average and remains as the highest in Argyll and Bute at 5.6% of residents aged between 16-64 in the December 2022 figures. This rate is subject to fluctuation but it is expected to remain at these high levels unless the economy improves significantly.

- 3.2 Rothesay also has 3 data zones in the 10 most deprived zones in Argyll and Bute which are in themselves in the top 15% of the most deprived data zones in Scotland:-

S01007346 Rothesay Town - 03 391 5-10% 31%

S01007345 Rothesay Town - 02 806 10-15% 25%

S01007350 Rothesay Town - 07 1043 10-15% 23%

- 3.3 This significant deprivation adjacent to the Pavilion has also contributed to the Island of Bute having the highest level of child poverty in Argyll and Bute when housing costs are taken into account and this is expected to get even worse as the cost of living crisis intensifies on account of a number of factors including most notably for island residents rising food, housing and fuel costs.
- 3.4 The restoration of the Pavilion is therefore seen as an important individual element of a much wider regeneration of Rothesay and Bute that has been ongoing over several decades.

4.0 ROTHESAY PAVILION CHARITY VISION

- 4.1 The Rothesay Pavilion Charity remains focussed on the future vision for the Pavilion going forward. This vision has had to be adapted to reflect the changing economic circumstances of the national and local economy. The building had a strong community role on the island and this will remain an essential element of the business case going forward. In addition the building has the potential to be a nationally significant visitor attraction to the area whilst at the same time aligning to the Scottish and UK Governments economic and social priorities including the emergence of the wellbeing and circular economy, skills for work with a focus on creative, hospitality and digital skills together with the need to deliver net zero.
- 4.2 A key aspect of the Pavilion is that it is a Grade A listed building considered unique in its architectural offer with considerable potential to be both a cultural and creative powerhouse. The Rothesay Pavilion Charity is looking at every area within the building to see how it can foster entrepreneurship in the

creative industries, developing individual skills and innovation. This includes the events area, the office space, the caretaker's house, flexible exhibition space, craft retail/café space, the dressing rooms, young people's studio, the outdoor spaces and corridors. A key focus will be dance but fine art, design, digital media, literature, music, fashion and song all have the potential to play a prominent role in the building's future. A key aspect will be how people will interact with the building to help reach their creative potential. This is not only important for the sustainability of the building going forward but also the local economy given the vision is to become a top 10 visitor attraction in Scotland.

4.3 Work has also been ongoing in developing the business case associated with the Pavilion and the main economic themes of both Governments. Appendix A shows how the Pavilion will fit in to both the Scottish Government and UK Government economic priorities.

4.4 The Rothesay Pavilion Charity (RPC) is a key partner in the delivery of the Pavilion project and as such there is a need to continue to fund the charity into the next financial year to enable it to continue this work. A report was presented to the Council on 27 February 2020 in respect of a request for additional funding from Rothesay Pavilion Charity (RPC). A further request to enable RPC to continue its work in the next financial year and this is contained within the Rothesay Pavilion - Financial and Contractual Issues Report that accompanies this report which is marked confidential.

5.0 ROTHESAY PAVILION LOBBYING GROUP PROGRESS

5.1 Following the December 2021 Policy and Resources Committee decision the Rothesay Pavilion Lobbying Group was established consisting of council Officers and Members together with a representative of the Rothesay Pavilion Charity. This group developed an action plan included in the report as Appendix B that has been taken forward by members of the group. This action plan is focussed on raising awareness of the situation we find ourselves in with regard to the Pavilion and examining possible sources of additional finance to allow the council to complete the refurbishment of the Pavilion. The action plan contains a range of actions that have been or are in the process of being carried out. The plan reflects the complexity of the task in front of us and it has proved challenging to gain significant traction in the winning of additional funds given the current economic and financial climate. In particular, it is clear that there is a reluctance amongst existing, and potential partners, regarding the pavilion in making future financial commitments unless there is greater certainty shown that the project will be completed and operational. Inevitably this will require the council to demonstrate further commitment to the project which is a key aspect of this report and the decisions members will take concerning the Pavilion.

6.0 ROTHESAY PAVILION FUTURE CONSTRUCTION PHASES

6.1 As members will recall, we have appointed the Robertson Construction Group (RCG) through a national construction framework, to take forward the implementation of the construction works once funding has been secured.

Subsequently, and following the decision to 'pause' the project, our Project Manager, in partnership with the Design Team, Costs Consultants and RCG have been working on alternative approaches to delivery, which makes best use of the funds currently available. Their costed proposals have been included as an accompanying Report entitled Rothesay Pavilion – Financial and Contractual Issues, which due to the commercial nature of the information is marked as confidential. Given the scale of the task in front of us and the fact the council has as yet not been able to secure any additional funding it is recommended that a phased approach be taken in terms of delivery of the project in order to help attract additional funding from strategic partners that have been identified in the Action Plan that accompanies this report, marked as Appendix B.

7.0 CONCLUSION

- 7.1 The adaptive restoration and extension of the Rothesay Pavilion was always going to be a challenging and complex project given its A Listed Status and island location. However, the emergence of a global health pandemic, the demise of the original main contractor, the United Kingdom's exit from the EU, and the on-going global impacts of responding to and recovering from COVID which has in turn contributed to a significant rise in inflation has increased the complexity beyond what could reasonably have been forecast.
- 7.2 Following the decision to pause the project taken in December 2021 by the Policy and Resources Committee, Officers of the council have been working to secure additional funding to enable the project to proceed to completion. This included the forming of the Rothesay Pavilion Lobbying Group that consisted of officers of the Council, Council members and a representative of the Rothesay Pavilion Charity. An Action Plan which is included as Appendix B to this report has been included for information in the report. This Action Plan looks to help align the business case of the pavilion to the needs of the local community whilst at the same time identify where it can support the main themes of the Scottish and UK Government's economic priorities. The Action Plan details all of the work that has been undertaken by members of the Rothesay Pavilion Lobbying Group to date and what it programmed to be undertaken. The work of the group has identified that strategic partners and other external funders are reluctant to commit further funding to the project until there is more certainty on what further resources the council will commit to and that the project will be completed. Consequently, it is recommended that a further phase of the Rothesay Pavilion restoration is committed to in order to help with the attraction of additional funds. Full details on the costs associated with each of the phases have been included in an accompanying report entitled as Rothesay Pavilion – Financial and Contractual. Given the sensitivity of these costs included in this report it is marked as confidential.
- 7.3 Members are also asked to consider additional revenue funding to enable the Rothesay Pavilion Charity to continue its work into the next financial year to help take forward the Action Plan working with council officers and members as appropriate. The costings associated with this are again included in the

accompanying report entitled Rothesay Pavilion – Financial and Contractual Issues, which is marked confidential.

8.0 IMPLICATIONS

- 8.1. Policy: The Rothesay Pavilion Project formed part of the original CHORD Programme and was a Single Outcome Agreement priority.
- 8.2. Financial: Revenue and capital costs are set out in the accompanying Rothesay Pavilion – Financial and Contractual Issues report which has been marked as confidential due to the inclusion of sensitive costings.
- 8.3. Legal: Potential recourse to legal remedies in respect of Collateral Warranties.
- 8.4. HR: No impacts
- 8.5. Fairer Scotland Duty:
 - 8.5.1. Equalities – Protected Characteristics On completion the building will be fully accessible to facilitate disabled people's participation and use under the Equalities Act 2010.
 - 8.5.2. Socio Economic Duty Will be considered as part of the RPC's Operational Business Model
 - 8.5.3 Islands Will be considered as part of the RPC's Operational Business Model.
- 8.6. Climate Change: Will be considered as part of the RPC's Operational Business Model.
- 8.7. Risk: As set out in the Report in respect of capital and revenue costs, as well as reputational.
- 8.8. Customer Service: None.

Douglas Hendry - Executive Director with responsibility for Commercial Services

Kirsty Flanagan – Executive Director with responsibility for Development and Economic Growth and Section 95 Officer

Councillor Gary Mulvaney - Policy Lead for Finance and Commercial Services

2 February 2023

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Appendix A – Rothesay Pavilion and UK and Scottish Government Priorities

Appendix B – Rothesay Pavilion Fundraising Action Plan

APPENDIX A - ROTHESAY PAVILION AND UK AND SCOTTISH GOVERNMENT PRIORITIES

TABLE 1

Scottish Government Economic Priorities	How the Pavilion Can Respond to this?
Sense of Place	<p>The Pavilion is an iconic grade A listed building that lies in the heart of the Rothesay Conservation area close to the town centre and local services. The Pavilion also has a role in assisting the wider regeneration of the Island (assisting the Governments ambitions for our island communities) linked to a number of existing and developing area regeneration initiatives.</p>
Entrepreneurship	<p>The Pavilion is well placed to encourage entrepreneurship in the creative industries; tourism and food and drink; the space needs to demonstrate flexibility of use and be digitally enabled to allow use by remote workers/micro/small businesses particularly with links to the aforementioned sectors but does not need to be exclusive.</p>
Skilled Workforce	<p>The Pavilion can offer a variety of spaces and activities (dance, events, café, exhibitions etc.) that can provide significant skill development or training opportunities. This can be applied to a number of priority sectors such as tourism and food and drink which are the council's and amongst the Government priority sectors. It can also look to assist different groups of people with skill development such as young people; women, or people with barriers to employment.</p>

Fairer and more Equal Society	The Pavilion can provide a venue focused on specific groups of people. Young people for example taking advantage of dedicated spaces within the building possibly linked to digital skills development.
Net zero	The Pavilion can be an exemplar for using low carbon technologies in a historic building; Links can be developed to low carbon initiatives on the island including assisting biodiversity including for example links to the Bute Community Forest and sourcing local food products and linking to initiatives such as Bute Kitchen.
Wellbeing and population	An overarching principal of the new transformation strategy is boosting people's well being the pavilion can play a central role in this and make the place not only a better place to visit but also as a place to live through a programme of creative activities from dance, to sports, to arts to good quality foods and events.

UK Government Economic Priorities	How the Pavilion Can Respond to This?
Pride in Place/ creating opportunity	The Pavilion is an iconic grade A listed building managed by the community as a major community hub. It has potential to offer economic and social opportunities in an area suffering from multiple deprivation, high unemployment and a falling population.

<p>Enhancing Local amenities and creating a high quality environment</p>	<p>The Pavilion is a long established local amenity that can play a critical role in boosting the local tourism industry and making Bute a more attractive place to visit and live. The building is regarded as being in the top 10 most admired buildings in Scotland.</p>
<p>Creating jobs and economic growth</p>	<p>The Pavilion can be an enabler for jobs in the creative industries, hospitality and food and drink; digital skill development could also be delivered as part of the buildings identified activities. In particular the wider regeneration role of the Pavilion is important here linking to the restarting of the Glen burn Hotel; the Levelling Up Bids; the activities of Mount Stuart and creation of affordable housing.</p>
<p>People and Skills</p>	<p>The Pavilion can offer a variety of spaces and activities (dance, events, café, exhibitions etc.) that can provide significant skill development or training opportunities. This can be applied to a number of priority sectors such as tourism and food and drink which are the council's and amongst the Government priority sectors. It can also look to assist different groups of people with skill development such as young people; women, or people with barriers to employment. The UK Government places more emphasis on economic growth and this would have to be recognised.</p> <p>Again the need to boost wages and improve people's digital skills is very important.</p>