



## Report of the Cabinet Member for Investment, Regeneration, Events and Tourism

### Service Improvement, Regeneration and Finance Scrutiny Performance Panel – March 2024

#### 71-72 Kingsway Update

<b>Purpose</b>	To update the working group on the 71-72 Kingsway Project
<b>Content</b>	The report sets out an overview of the Project to date.
<b>Councillors are being asked to</b>	Consider the information provided and give views
<b>Lead Councillor</b>	Cabinet Member for Investment, Regeneration, Events and Tourism, Cllr Robert Francis-Davies
<b>Lead Officer</b>	Director of Place, Mark Wade
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#### 1. Background

- 1.1 In 2015, the Council acquired the former Oceana building located at 71/72 Kingsway, in order to support the delivery of the employment hub proposals as set out in the Swansea Central Area Regeneration Framework (SCARF) document.
- 1.2 The project was successfully submitted as part of the wider Digital Programme to Swansea Bay City Deal and received £13.71m in City Deal funding.

- 1.3 The key objective for 71/72 Kingsway is to stimulate employment, economic growth and footfall in the city centre and surrounding areas.
- 1.4 A project team including Architecture 00 were appointed to design the workspace and office building in line with the Council's vision for a 'market making' building that delivered much needed high quality Grade A office space to Swansea.
- 1.5 Following Cabinet approval, a detailed tender evaluation began, and in May 2021 Bouygues UK were appointed as contractors for the building.
- 1.6 Construction work began onsite in November 2021.

## 2 **Briefing / Update**

- 2.1 71/72 Kingsway will provide Swansea with up to 115,000sq ft GIA of Grade A office accommodation and retail space.
- 2.2 71/72 Kingsway will offer as its primary function, a quality digitally-enabled and flexible workspace which is suitable to a wide variety of companies, educational institutions and individuals to meet the project's regional economic regeneration aspirations.
- 2.3 The building will also include high quality event, meeting and communal spaces.
- 2.4 Alongside, there will be a public realm area in the former Picton Yard, which will encourage permeability between the Kingsway and Oxford Street through a new pedestrian link, whilst also delivering a space for bespoke events.
- 2.5 There is also potential for an east to west link, connecting into Picton Arcade.
- 2.6 A high speed fibre connection will be installed across the city centre, connecting to 71/72 Kingsway and ensuring that the site has cutting edge high speed broadband.
- 2.7 The building is expected to achieve a Wired score platinum certification for digital connectivity and is aiming for BREEAM excellent for sustainable build.
- 2.8 The implementation of the Kingsway infrastructure scheme and development of 71/72 has encouraged acquisition and development of a series of properties both on The Kingsway itself as well as on neighbouring Oxford Street and Princess Way. Transforming Towns funding has been made available working with Welsh Government to help bring these key schemes forward. Key examples are Kings Building and Orchard House, with a number of further properties currently in the application process for loan and grant support to bring further schemes forward along the Kingsway, with a mix of ground floor commercial and upper floor residential uses.
- 2.9 The development has also helped attract major private sector investment including the innovative Biophilic building development led by Hacer Developments that's also due for completion this year. Made up of the former

Woolworths unit and a new adjoining 13-storey structure, the scheme will include green walls and green roofs, an educational facility, retail, offices, a landscaped courtyard, rooftop solar panels, battery storage and gardens. Pobl Group will manage 50 affordable apartments forming part of the scheme.

### **3 Programme status and next steps**

- 3.1 Practical completion of the building is programmed for the end of March 2024, when Bouyges UK will hand the building over to Swansea Council.
- 3.2 A period of fitting out the internal landlord and tenant spaces will then commence, and the building is programmed to be operational from July.
- 3.3 Savills have been appointed as Managing Agents for the building and will begin mobilisation and operational set up from April 2024.
- 3.4 Formal marketing of the building commenced in September 2023 and to date there has been good interest from potential tenants.
- 3.5 The Council are in detailed discussion with a flex operator and are in the process of agreeing Heads of Terms for a lease of 19,995 sq ft NIA. This includes the first floor and parts of the ground and basement levels. The flex operator will be offering a range of accommodation to small and medium-sized businesses.
- 3.6 Detailed discussions are ongoing with potential tenants for accommodation on the upper floors.
- 3.7 The original budget for delivering this project was £41.6m.
- 3.8 Designs for the public realm space in the former Picton Yard are progressing well and this element of the project is currently programmed to start on-site in Q3 of 2024.

### **4 Conclusion/ Key Points Summary**

- 4.1 Building completion and handover to take place March 2024, with internal fit out and mobilisation commencing from April 2024.
- 4.2 It is envisaged that tenants will begin to occupy the building from summer 2024.
- 4.3 Marketing of the Office, Retail and Event space will be ongoing until fully let.

### **5 Legal implications**

- 5.1 As this report is for information there are no additional legal implications falling on the authority.

### **6 Finance Implications**

- 6.1 On 20th May 2021 Cabinet approved a project budget figure of up to £41.592m to be included as part of the Capital Programme for the construction of 71/72 The Kingsway
- 6.2 Since construction began on 22nd November 2021, there have been a couple of extensions of time awards due to various reasons (Consequently, the original practical completion date has been pushed back from 25th August 2023 to 31st March 2024.) These extension of time awards have led to further associated costs and these have applied further pressure onto the allocated Capital budget for 71-72 Kingsway.
- 6.3 As of the date of this Scrutiny Report, there are 6 weeks remaining to Practical Completion on 31st March 2024 and a figure of £6,470,961.04 is yet to be certified and paid within the main contract works which is part of the overall budget cost.
- 6.4 A revenue budget has been identified to support the project during the early years of operational running.

## **7 Integrated Assessment Implications**

- 7.1 An EIA was undertaken in January 2020 and there are no implications arising.
- 7.2 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
  - Deliver better outcomes for those people who experience socio-economic disadvantage.
  - Consider opportunities for people to use the Welsh language.
  - Treat the Welsh language no less favourably than English.
  - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 7.2.1 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

7.2.2 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

7.3 As this is an information report there is no need for an IIA.

**Background papers:** None.

**Appendices:** 71/72 slidepack.