



Cabinet Member for Culture, Tourism and Major Projects

Cabinet – 19 October 2017

FPR7 Report - The Kingsway Infrastructure Project

Purpose:	To comply with Financial Procedure Rule No.7 (Capital Programming and Appraisals) - to commit and authorise a variation to an existing capital scheme in the Capital Programme.
Policy Framework:	City Centre Strategic Framework.
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) Cabinet approve the revision to the proposed project and its Financial Implications and add the project to the capital programme.
Report Author:	Elliott Williams
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Phil Couch

1. Introduction

- 1.1 This report provides an update to the 16th March 2017 Kingsway Infrastructure scheme Cabinet Report and outlines revisions to the proposal following the outcome of recent discussions with WEFO regarding the ERDF grant-funding element.

2. Background

- 2.1 The Kingsway Infrastructure and Employment Hub project is a key component within the Swansea Bay City Deal recently agreed with UK and Welsh Government. A transformational public realm scheme will simplify and rebalance the City's highway network, providing safer spaces for

pedestrians set within a new greener environment presenting a high quality environment for living and working.

- 2.2 The March 2017 cabinet report outlined the scale and scope of the scheme and highlighted amendments made to the proposal following public consultation. The recommendation to approve the proposed scheme and its Financial Implications was supported by Cabinet. At that time the estimated total scheme capital cost was £10m, with a Council contribution of between £6m and £10m, subject to the success of an ERDF funding bid to WEFO for £4m.
- 2.3 A Business Plan to propose the Kingsway project was submitted to WEFO earlier this year seeking grant investment of £4m as part of the funding package to deliver the scheme. As part of recent discussions with WEFO an additional £525k of ERDF grant has been made available and earmarked for the creation or refurbishment of office accommodation within the site area. Feedback from WEFO officers has been positive but stressed the need to utilise the additional grant funding and associated match funding to achieve office refurbishments, jobs created and SMEs accommodated output targets. This will further strengthen the business plan will greatly improve the likelihood of project approval by the end of October 2017.
- 2.4 Under Priority 4, Strategic Objective 4 of the ERDF Operational Programme the key outcomes of this funding stream is to achieve a reduction of benefit claimants through the implementation of projects that will create/refurbish office space that will accommodate businesses at key employment sites and create job opportunities. The revised proposal incorporating the creation or refurbishment of office space along with the original proposal to carry out demolition works, highway reconfiguration and public realm works will significantly strengthen the WEFO bid to justify the need for investment as the Council will be taking an additional step of piloting the creation of high quality office space within the city centre, demonstrating the potential to private sector investors.

3. Financial Implications

- 3.1 Updated cost estimates have been sourced for the public realm, demolition, and highways works, which coupled with the additional office refurbishment works bring the total scheme costs to £12.7m, financed by an ERDF grant of £4.5m and CCS Capital match funding of £8.2m.

Scheme Budget Headings	£000
Project Management and Compliance	316
Project Delivery Staff	758
Administration Other	2
Advertising & promotion	5
Renovation / Office refurbishment	1,025
Site Works	730
Construction Costs	9,696
Evaluation, development & monitoring	30
Flat Rate (FR15Ge)	161
Total Project Cost	12,723
<i>Financed by:</i>	
<i>ERDF</i>	4,525
<i>CCS Match Funding</i>	8,198
Total Project Cost	12,723

3.2 CCS match funding of £6m as part of the capital programme is already committed to the project therefore an additional capital commitment of £2.2m is required. As part of the Business Plan appraisal process WEFO will require a letter confirming the total match funding commitment of £8.2m in order to approve the scheme and unlock the £4.5m ERDF grant.

3.3 There will be no future revenue implications arising from the schemes other than potential redundancy costs identified within the staff costs budget headings at the cessation and ultimate delivery of the scheme. Any ongoing maintenance costs would be absorbed within the highways budgets.

4. Legal Implications

4.1 The Council will need to comply with the terms and conditions attached to any grant funding utilised in conjunction with the regeneration match funding budget identified in this report.

4.2 All contracts for works, goods and services necessary to deliver the projects must be procured in accordance with the Council's Contract Procedure Rules and the relevant EU Regulations as appropriate. The contractual liabilities/obligations of the Council and any appointed contractors will be covered by the individual contracts entered into.

4.3 All statutory consents required in proposals to utilise the regeneration match funding budget will be the responsibility of the Planning and City Regeneration Division.

5. Equality and Engagement Implications

- 5.1 An Equalities Impact Assessment Screening has been undertaken together with an Equalities Impact Assessment (EIA) outlining engagement/consultation. A further EIA will be undertaken in reference to the revised scheme.

Background Papers: None

Appendices:

Appendix A Draft Delivery Profile