



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

Cabinet – 16 December 2021

### Castle Square Regeneration FPR7

<b>Purpose:</b>	In accordance with Financial Procedure Rule No.7 (Capital Programming and Appraisals) - to commit and authorise the addition of the Castle Square scheme to the Capital Programme, and report back on public and stakeholder consultation.
<b>Policy Framework:</b>	Swansea Local Development Plan (2019), Swansea Central Area Regeneration Framework (2016), Regenerating Our City for Well Being and Wildlife (2021) Corporate Priority Creating a Vibrant and Viable City and Economy Council Constitution – Financial Procedure Rules
<b>Consultation:</b>	Access to Services, Finance, Legal, Highways and Transportation, Culture and Tourism, City Centre Management, Planning.
<b>Recommendation(s):</b>	It is recommended that:  1) The Castle Square Regeneration scheme is added to the capital programme in line with Financial Procurement Rule 7 to progress to delivery during 2022/23.  2) Subject to formal confirmation of a grant offer, the council accepts the offer of grant funding and reduces the call against the capital contingency.  3) Revenue income from the scheme will be ring-fenced for ongoing maintenance and for a sinking fund for Castle Square.
<b>Report Author:</b>	Gail Evans
<b>Finance Officers:</b>	Ben Smith
<b>Legal Officer:</b>	Debbie Smith
<b>Access to Services Officer:</b>	Catherine Window

## **1.0 Introduction**

- 1.1 Castle Square is a key public space in the city centre at a strategic location to support the Kingsway, Oxford Street, Wind Street and the link to Copr Bay. It is currently tired, dated and dominated by hard landscaping with little green space and this report sets out a new scheme which looks to significantly increase green space, introduce new commercial units to add vibrancy and vitality into the heart of the city and contribute to its economic recovery.
- 1.2 Development managers Spider management along with a multi-disciplinary team of consultants were appointed by the Council in 2019 to deliver a regeneration programme for Castle Square. The first stage of an assessment of feasibility was completed in 2020 and in February 2021 Cabinet agreed the scheme principles and authorised budget to progress to the next stages of detailed design (RIBA stages 2/3), public consultation, and planning submission.
- 1.3 This report sets out the RIBA stage 2 estimated scheme cost, maintenance costs, potential grant support, anticipated programme and seeks a budget and authorisation to take the scheme forward to delivery. The report also summarises the outcome of the public and stakeholder consultation exercise which has been undertaken, which has helped to further inform the development of more detailed designs for the scheme.

## **2.0 Background and design progress**

- 2.1 The overall aim for the regeneration of Castle Square is to increase visitor dwell time in the City centre and create a step change in the quality of its public realm. A refreshed public space with an appropriate scale of commercial uses will create a new destination which will make it more active, distinctive and vibrant in line with other regeneration investment which is taking place in the City centre.
- 2.2 The lead consultants Spider management have engaged a range of specialist sub consultants including structural engineers, heritage and archaeological consultants, lighting and landscape consultants to further develop the detail of the scheme and to further validate cost allowances. Designs for the scheme have been refined in response to initial survey, utility searches and desk-based assessments. Feedback from public consultations and various stakeholder consultations have also been used to inform the design.
- 2.3 The scheme has been refined through stage 2 design development, but remains based on the overall assumption of retaining the stepped amphitheatre form of the Square, retaining trees, removing the existing the fountain, and introducing a range of key interventions as summarised briefly below and in images and plans contained in Appendix 1.

- **Enhanced Green Infrastructure-** A greener Castle Square will have multi-functional benefits for residents and contribute positively to creating an attractive destination space for visitors. A planting scheme has been developed which will incorporate new trees, green roofs, raingardens, and more accessible landscaped areas. The scheme will also achieve the green space factor tool score identified in the Council's adopted green infrastructure strategy (Regenerating Our City for Wildlife and Well-being, 2021).
- **Café restaurant pavilions-**Two new commercial units are incorporated in the scheme which can be subdivided, subject to demand, with one located in the steps area and one on the corner near 'Zara'. It is proposed that layered timber and pleated metal roof forms are used as the dominant architectural theme for the respective commercial units, which will also provide for green infrastructure. The roof lines have also now been extended laterally in lieu of having freestanding canopy structures.
- **Activating the Square-** The inclusion of a water jet feature at ground level will introduce a new visual focal point and play/activity feature in the Square replacing the existing fixed water feature. The revised off centre position in the current revised scheme provides greater accessibility, will allow scope for complementary pop up uses and a range of other events can still be accommodated to activate the space.
- **Placemaking and Identity-** A new high quality floor-scape upgrade is proposed which will help to create a distinctive sense of place and identity. The current costed scheme provides for a combination of sustainably re-using York stone material with new granite insets. The highly patterned approach presented is a departure from the Council's existing material palette and needs to be supported with a realistic maintenance regime. Other interventions included in the concept scheme include contemporary lighting and digital art features to further animate the space.
- **Integration and connecting public space-** In general the raised planter areas will need to be retained to avoid impacting on mature tree roots, though these areas will still be accessible. New planter edges will be installed at bench height and alongside suitable bollard structures which will provide suitable protection from vehicle intrusion into the Square. Subject to gaining support and potential financial contribution from adjacent commercial operators, the scheme also highlights scope for external seating and dining in purpose-built pocket park areas on Temple Street and Princess Way. Resurfacing of the Caer Street and Castle Bailey Street carriageway in buff asphalt is proposed to improve integration of these adjacent areas. The design team have also explored the potential of improved physical integration of the space on Caer Street through narrowing

the carriageway, allowing additional external seating opportunities along the commercial frontage.

### **3.0 Equality and Engagement Implications and outcomes**

#### **Integrated Impact Assessment Implications**

- 3.1 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.
- 3.2 The Well-being of Future Generations (Wales) Act 2005 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.' 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, careers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 3.3 In order to comply with the relevant equality regulations, an Integrated Impact Assessment report has been developed (Appendix 2). This shows that overall the redevelopment of Castle Square will have very positive impacts on protected characteristic groups and will have further positive economic/social impacts for Swansea as a new and exciting leisure destination for residents and visitors to the City.

#### **Public and Stakeholder engagement**

- 3.4 Whilst the pandemic presented a number of challenges to undertaking a traditional form of public engagement event, during February and March 2021 a range of media was employed to gather public views and inform the detailed design process through RIBA stage 2. This included press releases, notices on site, a video clip feature on the large on site TV screen, social media, web site links, email consultation with commercial traders with and through the BID group.

3.5 235 online feedback forms confirmed general support for the principles of the scheme, and the results of this are outlined briefly below:

- 95% agreed with proposals for more greenspace and there was support for a diverse range of types of landscaping (75%), with trees and shrub, wildflower (61%) and accessible lawned areas (56%).
- 69% agreed with the proposal for introducing small cafes or restaurant units set within an attractive new family friendly space with canopies.

Facebook pages also attracted 156 likes, LinkedIn 90 likes and Twitter 36 likes.

3.6 Consultation with key stakeholders and council officers have highlighted a number of matters which required further survey, investigation, re-evaluation and discussion with the consultancy team through the development of designs in stage 2. Key points raised by stakeholders, public and groups such as Design Commission for Wales, Cadw, Accessibility Groups and Wectu/Police/Resilience are set out in detail in the Integrated Impact Assessment. In response to the points raised, the architects have explored a range of design solutions for the buildings, public realm, landscaping and infrastructure needs of the scheme. Feedback received during the consultation has been and continues to be reviewed and addressed during design development of the scheme.

#### 4.0 Financial Implications

4.1 **Current funding and programme** –An initial detailed work up cost was approved in February 2021, and this is currently supporting the development of the scheme through to RIBA stages 2 and 3 (including detailed design, surveys, consultation, tenant discussions and planning permission). Key milestones in the programme include planning permission during May/June 2022 and construction commencing in August 2022 with a view to the completion of the scheme in August 2023.

4.2 **Scheme Cost** – Stage 2 of this commission has enabled further validation of cost allowances for the whole scheme. This sum includes costs of demolition of the existing fountain, reconstruction and removal of perimeter walls, new paving, tree planting, landscaping, lighting, street furniture, a new TV screen, a new water jet feature and SuDS. The construction of two commercial units are also included in that estimate, along with consultancy fees, inflation allowances, cost contingency and additional integration works on Caer Street and Castle Bailey Street.

4.3 Project management provision is required from both the Property Development team and the Economic Development and External Funding team where both units will capitalise staff time based on completed timesheets recording officer time allocated to the project.

- 4.4 **Funding support-** Whilst the substantive capital costs relating to the scheme will have to be met by the Council, grant funding support has recently been provisionally approved for the scheme and the availability of this grant will reduce capital funding requirement for the scheme. However, at this stage, this grant is subject to final approval. Consequently, this report recommends that the Council accepts the offer of funding and reduces the call against the capital contingency. There may also be other public sector funding sources, that can further assist in supporting the delivery of the wider public realm and green infrastructure elements of the development.
- 4.5 **Revenue** - There are potential income streams from the scheme's proposed commercial units. Due to the size and location of the units, it is anticipated that they will attract significant market interest and revenue, most likely from local/regional operators. However, this is assuming that the market returns to a level of normality over the next 12 months. Further revenue contributions could come from staged events, markets and revenues from the TV screen.
- 4.6 **Management and Maintenance needs-** To retain the quality and character of this significant investment in the City's urban fabric and this high profile location, the scheme should have realistic and affordable resources to support future maintenance and management implications. Based on the current available specifications for this scheme, council highways, street cleansing and lighting teams have highlighted initial estimates for ongoing maintenance and upkeep of the Square. This needs to be considered in the context of existing maintenance spend on the Square, and further evaluation needs to be undertaken as designs are developed. From these initial estimates, it is anticipated that there may be a shortfall between the annual rental income from the commercial units and the annual costs of future maintenance of the Square. Consequently, this report recommends that the revenue income from commercial uses and other activity in the Square will be ring-fenced to support its ongoing maintenance and that an appropriate sinking fund will need to be established. The Council will need to consider budget requirements and look at funding mechanisms to fully support future maintenance needs for Castle Square.

## 5.0 **Benefits and Risks of the scheme**

- 5.1 **Benefits summary:** The scheme has the following key benefits for the City Centre:
- The scheme complements and builds on the momentum established by other recent new investments in the City centre- Swansea Central/Copr Bay, Wind St. enhancement and Kingsway, collectively improving visitor and developer perception.
  - Introduces new life and vitality, uplifts environmental quality and creates flexible space for events and new commercial food and beverage outlets in an established focal area in the City centre.

- Supporting Covid recovery by providing enhanced flexible external space facilitating increased visitor dwell time and diversifying the City centre offer.
- The Council is the scheme developer, so control can be retained over the appropriate use of the public space and the letting strategy for the commercial units.
- The enhanced public space will complement the regeneration of adjacent buildings (including the Community Hub, other adjacent vacant units).
- The scheme contributes to enhanced City centre green infrastructure by forming part of the City's green artery linking greenspace across the City centre. Also additional green infrastructure (GI) contributes to improved resident and visitor well-being, mitigates climate change impacts and facilitates scope for sustainable urban drainage solutions.
- Enhances the setting of Swansea's Castle – the City's landmark heritage asset.

## 5.2 Risks and mitigation summary

- Detailed survey, design and stakeholder consultations through stage 2 of the commission have enabled scheme cost allowances to be validated. This is based on current levels of available information, a number of assumptions, exclusions and appropriate sums for contingency and inflation.
- Covid 19 has had an unprecedented impact on the food and beverage market, nationally and locally. Building on the successes of letting units at Copr Bay, the target market for the commercial units will be for local operators, who will be able to create a more distinctive offering, and who may be able to demonstrate a greater resilience and adaptive operating capacity in the recovery from Covid. The consultants have also undertaken a re-assessment of prevailing market conditions to ensure the commercial offer will still attract a suitable range of tenants. They have noted shifts in the market, including a rise in independent occupiers and the increased desire for external space and a 'healthy' customer environment. It is therefore anticipated that this distinctive destination opportunity in Swansea will generate significant market interest in due course.
- Future management and maintenance will be fundamental to retaining the quality and character of the space. Adequate budget and suitable materials supply contingency must be identified in due course.

## 6.0 Legal Implications

- 6.1 **Procedure-** As the land forms public open space, procedures to enable the partial disposal have been followed, whereby the Council advertised the disposal of the land in a local newspaper for two consecutive weeks (August 2016). Full and proper consideration was also given to any objections, in accordance with Section 123(2A) of the Local Government Act 1972 (Cabinet Report 16.03.17). Separate legal advice will be required regarding the future disposal of any land or property at Castle Square in

line with any proposals to develop commercial activity at the site through for example the granting of leases to occupiers to operate restaurants on the site.

- 6.2 The Council has a legal obligation under Section 123 of the Local Government Act 1972 and under its own constitution that it shall not dispose of land for a consideration less than best consideration that can be reasonably obtained. This is except where the disposal is for a short tenancy (less than 7 years) or the local authority has the consent of the Welsh Ministers. Under the Council's constitution the responsibility of determining in what manner the land will be disposed of in order to obtain best consideration lies with the Head of Property.
- 6.3 Under the General Disposal Consent (Wales) Order 2003 the Welsh Ministers have issued a general consent for disposals of land under Section 123 for less than best consideration. This allows a local authority to dispose of land for less than best consideration if it considers that the disposal will contribute to the promotion or improvement of the economic, social or environmental well-being of its area and the extent of the undervalue is no more than £2m.
- 6.4 Before the land is considered for disposal that consideration be given as to any contractual obligations the Council may have in respect of the space and its facilities.
- 6.5 **Contractual arrangements-** Following a procurement process undertaken in accordance with the Public Contracts Regulations 2015 a Development Manager was appointed, and a Development Management Agreement was signed and executed in November 2019. This Agreement covers all the conditions of contract for the Development Manager from feasibility through to design and build and progression through each stage of the Commission is dependent upon Council approval and available budget.
- 6.6 A deed of variation has been signed which confirms the terms for the appointment of specialist consultants during stages 2/3. Also, for further clarity this variation confirms that it will be the council who will be appointing the building contractor, rather than Spider management.

**Background Papers:** None

**Appendices:**

Appendix 1 - Extracts from Acme stage 2 presentation

Appendix 2 - Integrated Impact Assessment



## APPENDIX 1 - Stage 2 Regeneration scheme development







