



Report of the Cabinet Member for Culture Tourism & Major Projects

Cabinet – 19 October 2017

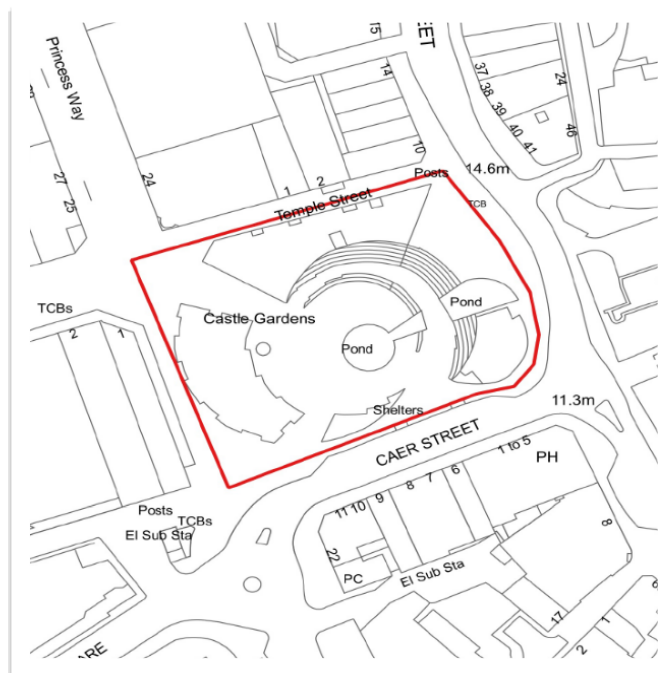
Castle Square Regeneration

Purpose:	To present an appraisal of options for the siting of a partial development opportunity, options in terms of delivery mechanisms and key principles for a preliminary Development, Public Realm and Marketing brief to support the enhancement and partial development opportunity within part of Castle Square.
Policy Framework:	Swansea Local Development Plan: Deposit Plan (2016), Swansea Unitary Development Plan (2008), Swansea Central Area Regeneration Framework (2016)
Consultation:	Access to Services, Finance, Legal, Highways and Transportation, Culture and Tourism, City Centre Management, Planning.
Recommendation(s):	<p>It is recommended that: -</p> <ol style="list-style-type: none">1) From the available delivery options the preferred approach is that Swansea Council act as developer with an external development manager procured for the enhancement and partial development opportunity within Castle Square;2) Authority is delegated to the Director of Place to proceed with the preparation of a Development, Public Realm and Marketing Brief, which identifies a development opportunity preferably at Location Options 1 and 3, but does not preclude innovative and justified design solutions which align with the key objectives and principles identified in the Preliminary Brief.
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1. Introduction

- 1.1 A report was presented to Cabinet on 16th June 2016 which initially highlighted the opportunity for the partial development and enhancement of public realm within Castle Square. This was responding directly to a speculative approach by a developer, and to facilitate future proposals a formal public open space notice was published in during July 2016.
- 1.2 A further Cabinet report to members in March 2017 set out the main themes emerging from the representations received to the publication of the formal Public Open Space notice. The process highlighted concerns about its tired and dated appearance and more fundamentally the positives of the opportunities provided by the space, and importance of the Square as part of the fabric of the City centre. The responses provided a clear view that the Square should remain in public control and for use and enjoyment for a range of uses and events. The report and accompanying appraisal also highlighted how there is an opportunity to introduce an element of commercial activity within a significantly enhanced public realm which should be complementary to the City Centre Regeneration Strategy, designated heritage and emerging new proposals for priority areas such as Swansea Central.
- 1.3 In line with the recommendations of the March Cabinet report, this report considers further the viability of a range of development options for Castle Square and clarifies the role of the Council and/or any development partner in delivering a development opportunity and enhancement. It also incorporates key themes and principles for inclusion within a draft Development and Marketing brief.

Plan 1 Castle Square: Location and Extent of Square



2.0 Scope and Options for Partial Development and Enhancement

2.1 In the light of the key themes raised through the previous Appraisal study and having regard to the scope of issues and comments raised through the consultation exercise, a range of key objectives for a future Development Brief are set out below:

- There is an opportunity to introduce an element of commercial activity into the Square in the form of restaurant / food kiosks with external seating. The type and quantum of uses should complement the Central Area and not compete with the new Swansea Central development.
- Any new building/s and public realm enhancements must be of a high quality design and sustainable, and should complement Swansea's Central Area and its heritage. It should also create well designed linkages and integrate the surrounding area including in particular the Castle and St. Marys Square and church, and proposals should align with the Swansea Central Area Regeneration Framework (2016).
- The Castle Square space needs to work as a destination throughout the year, and be practical for events, commercial, seasonal, cultural opportunities and play and activity. This could include the removal/reconfiguration of the water pool/fountain to create a more flexible and inviting space potentially including water jets that encourage play and can be switched off for events.
- An overall principle of retaining and enhancing public access and contributing to a "greener City centre", and any proposal should not result in the net loss of useable public open space.
- The development and public realm proposals must be designed and implemented comprehensively. It is essential that this project achieves a balance of public realm enhancement and commercial development. Commercial development without public realm enhancement will not be acceptable.

Options Appraisal and Development Viability

2.2 In the light of the development appraisal exercise and the objectives set out above a number of potential options were identified for potential partial commercial development. These vary in the intensiveness of the reconfiguration from insertion of pavilions within the existing public realm design, to partial development on one side of the Square, right through to complete redevelopment and re configuration. Initial assessments in the context of the appraisal of the Square and space available suggests that it could accommodate 1 or 2 restaurant café units (maximum) with a footprint of 200 sq m (300sqm over 2 floors). This size of unit would be available to attract national restaurant chains, and would allow the subdivision if there are smaller occupiers that would offer attractive terms. The development should provide an outdoor seating area, and ideally tis should have a south facing

aspect. There may also be further future opportunities to additionally consider the development of 1 or 2 more limited scale (2.5x 6m) kiosk locations.

2.3 Location Options for New Development- are summarised briefly below.

- **Option 1- Temple Street** –Option 1 explores the potential to adapt the existing space to incorporate potential commercial units on underused areas of grass and trees between Temple Street and the amphitheatre steps with a split level access.
- **Option 2- Princess Way**– Option 2 explores the potential to adapt the existing space to incorporate potential commercial units on underused areas of grass and trees with a frontage to Princess Way. This option may be difficult to market due to its aspect to Princess Way.
- **Option 3- Castle Street** – This option explores the potential to redevelop part of Castle Square in the area of the current amphitheatre steps and could extend partially into the area of the existing Square. A unit in this location could include an appropriately design first floor (split level arrangement) to integrate with the fall in levels across the site. This option still retains a generous area of public space directly linked at grade with Princess Way and Oxford Street. The existing elevated grassed areas on the western side of the Square adjacent to Princess Way could also be levelled and enhanced to improve accessibility and usability.
- **Option 4 –Castle Square full decked concept-** This option explores the complete re configuration of the Square including the creation of a new decked public space level and continuous with the Castle and Castle Bailey Street. A number of commercial units would be developed under the deck with ground floor access directly to Princess Way. This has the disadvantage of creating a separation of the public space from the Princess Way and Oxford Street main shopping area, there may also be issues with the configuration and marketability of some of these units. More fundamentally such a development could compete with the Swansea Central development.

2.4 To establish the viability of the development options the Council's consultants Cushman Wakefield have undertaken a high level development appraisal exercise. Appendix 1 sets out plans and further details on the options and the broad outputs from the development appraisal exercise.

2.5 The analysis would suggest that location Options 1 and 3 are viable from a market perspective and a preferred location/design approach. These options do not result in a net loss of available public space, and although a small number of trees would need to be removed this could be mitigated with new appropriate planting. Some integrated seating currently accommodated on the steps would be lost in Option 3, but this loss could be mitigated within a newly designed public realm. New units in either of these locations would also enable the incorporation of south facing frontage which would maximise the opportunity for external seating. Accordingly a preliminary Development, Public Realm and Marketing Brief has been prepared (attached as Appendix 2) which incorporates the key principles for the development and enhancement of Castle Square with particular relevance to these options. This document will be refined as a high quality publication in due course, but will not preclude

innovative and justified designs and solutions which align with the key objectives and principles of the Brief.

3.0 Delivery Mechanisms/ Way Forward

3.1 Given the significant profile and importance of the Castle Square public space in terms of its role and function, including the need for continued management of events and activity, it is important that the Council retains ownership and appropriate control over the space and any commercial development. This requires careful consideration of appropriate delivery mechanisms and the role of the Council and/or delivery partners, and the scope of any long lease provisions.

Delivery Options: The options available can be summarised as outlined below:

- 1) **Swansea Council as the developer of the unit(s) and Development Manager** - CCS delivery would mean CCS appointing a professional team including agents to undertake lettings. CCS retains full control over the quality of design, letting, and management of the public realm but also takes the risk and funds the project. A funding partner could be brought in. Potential timescale 22 months.
 - 2) **Swansea Council with an external Development Manager-** The Council could seek to fund a development and enhancement scheme. As Swansea Council do not have the required internal staff resources to act as both developer and development manager, an external Development Manager and professional team would be appointed to support the delivery of the scheme. The Council would retain full control over design, letting and management of the public realm. Fees of 5% would be applicable. Timescale 24 months
 - 3) **Swansea Council Joint venture with a developer-** The Council could procure a development partner through the OJEU process to invest capital and develop out the site. An appropriate proportion of ownership would be transferred post completion. Timescale 30 months.
 - 4) **Swansea Council appoints a developer-** The Council would dispose of a long leasehold interest in the development opportunity under a development agreement. This route would be the subject of a procurement process, and could add 25% to the cost (developer's profit). Timescale 33 months.
- 3.2 Delivery Options (3) and (4) above would take longer, (30-33 months) as they would require an OJEU process which alone could take 9-12 months within the overall delivery timescale. Options (1) and (2) allow Swansea Council more control over the design of the scheme and future management of the public space, and also would take less time to implement and deliver. The Council does not currently have sufficient resources to act as both the developer and development manager as indicated in Option (1). Consequently Delivery Option (2) with the Council as Developer with the appointment of an external Development Manager is the recommended approach for delivering the regeneration of Castle Square.
- 3.3 It is anticipated that any residual value of the land arising from the development opportunity in the Square will need to finance part of the public realm element of the scheme. There are potentially public sector funding sources that may

also be able to assist with the delivery of the wider public realm element of the development which needs to be explored further. To support the delivery of the wider scheme of public realm enhancement part of the rental income will need to be ring fenced for management maintenance and events.

4.0 Equality and Engagement Implications

- 4.1 Should Cabinet decide to proceed with redevelopment or refurbishment of Castle Square a full Equality Impact Assessment will be required. The EIA will be carried out with guidance from the Access to Services Team and will include, and be informed by, feedback from a wide public consultation on any proposal.

5.0 Financial Implications

- 5.1 Broad estimates of the costs of construction of the unit/s and comprehensive enhancement of the public realm could be in the order of £7- 8M. The options for Castle Square are part of the wider City Centre regeneration proposals. Whilst there are potential income streams from aspects of the site development options, there are also clear capital costs relating to the public and amenity space which will have to be fully met by the Council. The starting assumption is that the whole development cost is met from additional unsupported borrowing. The revenue consequences of financing that capital borrowing along with the wider plans for capital investment are being taken into account as part of the budget preparation for 2018-19 and medium term financial plan 2019-22. Both will come before Cabinet in due course and Council in February 2018.

6.0 Legal Implications

- 6.1 Separate legal advice will be required regarding the future disposal of any land 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, and as public open space, procedures for partial disposal have been followed under the provisions of Section 123(2A) of the Local Government Act 1972.
- 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 the best that can be reasonably obtained. Also 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.
- 6.3 This development opportunity will need to be an open market opportunity rather than dealing with any single developer which could be subject to legal challenge.

Background Papers:

Castle Square Appraisal (January 2017)

Appendices

Appendix 1 Appraisal of Options.

Appendix 2 Preliminary Development, Public Realm and Marketing Brief.