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CARDIFF CENTRAL BUS STATION – PRE-DECISION SCRUTINY

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*Appendices 1, 3, 4 and 5 are not for publication as they contain exempt information of the description contained in paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. It is viewed that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

**Purpose of Report**

1. This report provides the Committee with background information to enable Members to carry out pre-decision scrutiny of the report to Cabinet titled 'Cardiff Central Bus Station', prior to its consideration by the Cabinet at its meeting on the 28 March 2018.
2. A copy of the draft Cabinet Report is attached at **Appendix A**, which in turn has 5 appendices:
  - **Appendix 1** - Confidential – Bus Station Delivery Strategy
  - **Appendix 2** - Site Plan
  - **Appendix 3** - Confidential – Collaboration Agreement
  - **Appendix 4** - Confidential – Independent Valuation (full report to follow)
  - **Appendix 5** - Confidential – Confidential Financial Implications.
3. Members should note that **Appendices 1, 3, 4 and 5** of the report at **Appendix A** are exempt from publication. Members are requested to keep this information confidential, in line with their responsibilities as set out in the Members Code of Conduct and the Cardiff Undertaking for Councillors. Members will be able to ask questions regarding these appendices during closed session.

## **Structure of the meeting**

4. The Chair will move that the presentation and discussion of this item be heard in closed session, given the majority of the information to be scrutinised contains confidential information by virtue of paragraph 14 of Part 4 and paragraph 21 of part 5 of Schedule 12A to the Local Government Act 1972.
5. Members will hear from Councillor Huw Thomas (Leader) and Neil Hanratty (Director of Economic Development). There will be a presentation taking Members through the proposals, followed by Members questions.
6. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

## **Background**

7. The Central Square Regeneration Scheme aims to deliver a high quality mixed-use urban gateway to the capital city and a modernised central transport hub. In September 2013, Cabinet gave authority to officers to work with Rightacres Property Co Ltd, as the adjacent landowner, to acquire a number of long leasehold interests at Central Square. In May 2014, Cabinet gave permission to obtain a long leasehold interest in the Wood Street NCP car park, in order to free up land. The decision was taken to demolish the Council- owned Marland House building.
8. Officers have worked in partnership with Rightacres Property Co Ltd. and Legal & General Pension Fund to progress the scheme. On 1<sup>st</sup> March 2017, planning permission was granted for a mixed-use development covering 250,000 sq. ft., including a new bus interchange.

9. At its meeting on 6 July 2017, Cabinet confirmed its commitment to deliver ‘*a new transport interchange which will be at the heart of the Cardiff Metro*’ and to secure the earliest possible start date for the new bus station.
  
10. At the Cabinet Meeting on 27 July 2017, the Cabinet resolved that the developer be allowed to maximise capital receipts for the commercial floor space within the Bus Interchange development, by allowing end use to be driven by market demand. At the same meeting, Cabinet resolved that authority be delegated to the Director of Economic Development<sup>1</sup> to acquire the Saunders Road Car Park site owned by Network Rail.
  
11. At the Cabinet Meeting on 20 December 2017, the Cabinet resolved to agree a new mixed-use scheme comprising 110,000 sq. ft. of Grade A\* office space, 400 residential units and 250 car parking spaces. At the same meeting, Cabinet resolved in principle agreement to a proposed new funding model involving Welsh Government and Rightacres Property Ltd, and that authority be delegated to the Director of Economic Development<sup>2</sup> to:
  - a. agree the final contracts with Welsh Government and the developer for delivery of the new Central Bus Station in line with the principles set out in the Metro Delivery Partnership Heads of Terms.

### **Issues highlighted in the report to Cabinet**

12. The Cabinet Report attached at **Appendix A** sets out a strategy for delivering the Central Bus Station, via a partnership approach with Welsh Government and Rightacres Property Ltd. The report sets out the contributions from each partner, including the Council’s contributions.
  
13. The Cabinet report highlights the following developments since the previous report to Cabinet in December 2017:

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<sup>1</sup> in consultation with the Cabinet Member for Investment & Development and the Cabinet Member for Finance, Modernisation and Performance, the Section 151 Officer and the Monitoring Officer

<sup>2</sup> As above

- a. Cardiff Capital Region City Deal has given an in-principle commitment of £40m towards the delivery of Metro Central
- b. The Welsh Government is prepared to commit to an operator lease on the bus station element of the mixed use scheme
- c. The developer has revised the plans for the superstructure of the building, which will improve the efficiency re the car-parking element of the scheme.

14. At point 10 of the report to Cabinet, it states that:

*'The revised scheme will still deliver the same 14 stand bus station on the ground floor, with circa 10,000 sq. ft. of associated retail space. The car parking requirement will now be delivered on two floors over a reduced footprint to reduce cost. The commercial development above will consist of circa 300 Private Rented Sector (PRS) residential units fronting Wood Street and circa 80,000 sq ft of Grade A\* offices fronting Saunders Road.'*

15. Point 10 of the report to Cabinet also states that:

*'The cycle hub will now be moved out of the ground floor area of the bus station concourse following strong representations from a variety of representative groups concerned about the risk of pedestrian-cycle conflict at the intersection between the bus station and the train station. A cycle hub of similar specification in a stand-alone kiosk style building will be delivered to the north of the railway line in close proximity to the bus station/train station, with the exact location to be confirmed.'*

16. At point 5, the report states that the Cabinet and Welsh Government have been working together regarding an investor which has confirmed a preference to be located within the bus station development and that:

*'Cabinet has subsequently invited Welsh Government to become a partner in the project in order to help retain offices as part of the mixed use scheme and to keep open the option for the inward investor, whilst enabling a start on site.'*

17. The report to Cabinet sets out plans to consolidate the leasehold and freehold elements of the various parts of the site, culminating in the freehold interest of the whole site being vested to the Council. As part of this, it is proposed to dispose of the Council's leasehold interest (in the land marked red on the site plan attached at Appendix 2) to the Welsh Government.
18. The report to Cabinet sets out the financial implications for the Council, at points 23-24 of the report and in **confidential Appendix 5** of the report to Cabinet.
19. In terms of timeline, the report to Cabinet states that it is anticipated the final contractual agreement for the delivery of the new bus station development will be concluded in May 2018.

### **Proposed Recommendations to Cabinet**

20. The report to Cabinet contains the following recommendations:

*The Cabinet is recommended to:*

*(1) Approve in principle the Metro Delivery Partnership collaboration agreement as set out in Confidential Appendix 1 and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and the Cabinet Member for Finance, Modernisation and Performance, the Section 151 Officer and the Monitoring Officer to negotiate and conclude all aspects of a final agreement with Welsh Government and the developer for delivery of the new Central Bus Station.*

*(2) Approve the disposal of the leasehold interest in the land marked red and acquisition of the land shown coloured blue in the site plan attached as Appendix 2 to support delivery of the new Central Bus Station on the terms set out in Confidential Appendix 1 and in line with the independent valuation provided at Confidential Appendix 4.*

### **Key Lines of Enquiry**

21. Pre-decision scrutiny aims to inform the Cabinet's decisions by making evidence based recommendations. Scrutiny Members are advised to:
- a. look at the information provided in the report to Cabinet to see if this is sufficient to enable the Cabinet to make an informed decision;

- b. check the financial implications section and confidential **Appendix 5** of the Cabinet report to be aware of the advice given;
- c. check the legal implications section of the Cabinet report to be aware of the advice given;
- d. check the recommendations to Cabinet to see if these are appropriate.

22. Members have the opportunity to explore issues relating to the financing of the transport interchange and the Metro delivery partnership, including but not limited to:

- a. Financial assumptions made in the report;
- b. Whether there are any risks to the Council;
- c. How any risks to the Council are being addressed and mitigated; and
- d. The timeline for delivering the transport interchange.

### **Previous Scrutiny**

23. In June 2017, the Economy & Culture Scrutiny Committee held a joint meeting with Environmental Scrutiny Committee to carry out pre-decision scrutiny of a report to Cabinet titled 'Funding the New Bus Transport Interchange'. The information presented to the Committee was mostly confidential information. Members of the Committee endorsed the recommendations to Cabinet.

24. In September 2017, the Economy & Culture Scrutiny Committee held a joint meeting with Environmental Scrutiny Committee to carry out a Call-In scrutiny of the decisions taken by the Cabinet, as detailed above at point 2. Members decided not to refer the decisions back to Cabinet for reconsideration.

25. In December 2017, the Economy & Culture Scrutiny Committee received an update on progress with delivering the Cardiff Central Bus Station. The information presented to the Committee was confidential information relating the changes in the mixed-use scheme, the proposed funding model and the Metro Delivery Partnership.

## **Way Forward**

26. At this meeting, the following witnesses will be in attendance to give a presentation and answer Members' questions:

- (i) Councillor Huw Thomas, Leader
- (ii) Neil Hanratty, Director for Economic Development.

27. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration prior to making their decisions.

## **Legal Implications**

28. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

## **Financial Implications**

29. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial

implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

## **RECOMMENDATIONS**

It is recommended that the Committee:

- i. Consider the proposed draft report attached and decide whether it wishes to relay any comments or observations to the Cabinet at its meeting on the 27 March 2018; and
- ii. Decide the way forward with regard to any further scrutiny of this issue.

**DAVINA FIORE**

**Director of Governance and Legal Services**

**22 March 2018**