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AGENDA

Pwyllgor PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

Dyddiad ac amser y cyfarfod DYDD MAWRTH, 13 GORFFENNAF 2021, 5.00 PM

Lleoliad CYFARFOD O BELL

Aelodaeth Cyngorydd Howells (Cadeirydd)
Y Cyngorwyr Henshaw, Gordon, Gavin Hill-John, Lay, Parkhill,
Robson, Sattar a/ac Stubbs

Tua
Amser.

1 Ymddiheuriadau am Absenoldeb

Derbyn ymddiheuriadau am absenoldeb.

2 Datgan Buddiannau

I'w gwneud ar ddechrau'r eitem agenda dan sylw, yn unol â Chod Ymddygiad yr Aelodau.

3 Cofnodion *(Tudalennau 5 - 10)*

Cymeradwyo cofnodion y cyfarfod a gynhaliwyd ar 14 Mehefin 2021 fel gwir gofnod.

4 Diweddariad Glanfa'r Iwerydd *(Tudalennau 11 - 396)*

4.30 pm

I'r Aelodau graffu cyn penderfynu ar yr adroddiad i'r Cabinet.

Nid yw Atodiadau 1 - 8 yr adroddiad hwn i'w cyhoeddi am eu bod yn cynnwys gwybodaeth wedi ei heithrio yn unol â'r disgrifiad a geir ym mharagraffau 14, 16 a 21 Atodlen 12A Deddf Llywodraeth Leol 1972.

5 **Felodrom: Pentref Chwaraeon Rhyngwladol** (*Tudalennau 397 - 478*) 5.20 pm

I'r Aelodau graffu cyn penderfynu ar yr adroddiad i'r Cabinet.

Nid yw Atodiadau 2 - 6 yr adroddiad hwn i'w cyhoeddi am eu bod yn cynnwys gwybodaeth wedi ei heithrio yn unol â'r disgrifiad a geir ym mharagraffau 14, 16 a 21 Atodlen 12A Deddf Llywodraeth Leol 1972.

6 **Gohebiaeth** (*Tudalennau 479 - 482*) 6.00 pm

7 **Eitemau Brys (os oes rhai)**

8 **Y Ffordd Ymlaen** 6.05 pm

9 **Dyddiad y cyfarfod nesaf**

I'w gadarnhau

Davina Fiore

Cyfarwyddwr Llywodraethu a Gwasanaethau Cyfreithiol

Dyddiad: Dydd Mercher, 7 Gorffennaf 2021

Cyswllt: Andrea Redmond, 02920 872434, a.redmond@caerdydd.gov.uk

GWE-DARLLEDU

Caiff y cyfarfod hwn ei ffilmio i'w ddarlledu'n fyw a/neu yn olynol trwy wefan y Cyngor. Caiff yr holl gyfarfod ei ffilmio, heblaw am eitemau eithriedig neu gyfrinachol, a bydd y ffilm ar gael ar y wefan am 12 mis. Cedwir copi o'r recordiad yn unol â pholisi cadw data'r Cyngor.

Gall aelodau'r cyhoedd hefyd ffilmio neu recordio'r cyfarfod hwn

Ar ddechrau'r cyfarfod, bydd y Cadeirydd yn cadarnhau a gaiff y cyfarfod cyfan neu ran ohono ei ffilmio. Fel rheol, ni chaiff ardaloedd y cyhoedd eu ffilmio. Fodd bynnag, wrth fynd i'r ystafell gyfarfod a defnyddio'r ardal gyhoeddus, mae aelodau'r cyhoedd yn cydsynio i gael eu ffilmio ac y defnyddir y lluniau a recordiadau sain hynny o bosibl at ddibenion gwe-ddarlledu a/neu hyfforddi.

Os oes gennych gwestiynau ynghylch gwe-ddarlledu cyfarfodydd, cysylltwch â'r Gwasanaethau Pwyllgorau ac Aelodau ar 02920 872020 neu e-bost [Gwasanethau Democraidd](#)

Mae'r dudalen hon yn wag yn fwriadol

ECONOMY & CULTURE SCRUTINY COMMITTEE

14 JUNE 2021

Present: Councillor Howells(Chairperson)
Councillors Henshaw, Gordon, Gavin Hill-John, Lay, Parkhill,
Robson and Stubbs

1 : APPOINTMENT OF CHAIR & COMMITTEE MEMBERSHIP

Noted.

2 : TERMS OF REFERENCE

Noted.

3 : APOLOGIES FOR ABSENCE

Apologies were received from Councillor Gordon and Eshaan Rajesh

4 : DECLARATIONS OF INTEREST

Cllr Robson declared a personal interest in Item 6 as he is a member of Friends of Forest Farm.

Cllr Henshaw declared a personal interest as her daughter has a business in Cardiff Market.

Cllr Lay declared a personal interest as he is the Chair of Cardiff Bus.

5 : MINUTES

The minutes of the meeting held on 13 May 2021 were agreed as a correct record.

6 : LEVELLING UP FUND AND COMMUNITY RENEWAL FUND
APPLICATIONS - TO FOLLOW

Members were advised that this item was to undertake pre-decision scrutiny of a report to Cabinet that provides details of applications for two strands of UK Government funding – the Community Renewal Fund and the Levelling-Up Fund. The scope of Committee’s scrutiny is to explore these applications, their anticipated benefits and their role in levelling up Cardiff, as well as to explore the role of the Council in developing & delivering bids and whether there are any risks or other implications for the Council.

Members were advised that Committee are required to consider Appendix 1 in a closed session to discuss information deemed exempt, in accordance with paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972; however the discussion would start in open session.

The Chairperson welcomed Cllr Thomas – Leader, Paul Orders - Chief Executive, Jon Day – Operational Manager, Investment & Tourism and Natalie Southgate – Improvement Project Manager, Gender Specific Services, to the meeting.

The Leader was invited to make an opening statement in which he said that this was the first opportunity Councils have had to access funding from the UK Government whereby £4.8 billion was available across the UK; £800 million for Scotland, Wales and Northern Ireland, approximately £235 million for Wales. There had been a good dialogue with MLCHG where it was determined that there was a need for mature bids which were thorough and well prepared. Cardiff's strategy is to submit only 1 bid this month but to give notice of intention to submit 4 more in due course once engagement with stakeholders had taken place.

Members were provided with a presentation after which the Chairperson invited questions on the open session information.

Members requested further information on the position of the Cardiff South and Penarth Parliamentary Constituency in terms of the levelling up bidding process as the entire constituency was not within the Cardiff Council local authority area. Members were advised that clarification is being sought. The authority was also seeking to establish whether the Member of Parliament for Cardiff South and Penarth would be prepared to support bids both in Cardiff and the Vale of Glamorgan. Members requested that the Committee be informed of those details when clarification has been received.

Members asked whether thought had been given to submitting a bid for Cardiff Central Station. The Leader clarified the expectation that the UK Government would fulfil commitments on this, via City Deal monies and other monies.

Members sought clarification on the Highline project and on the Bridges submission. The Leader clarified that the bridges submission including landscaping public open space around three proposed bridges, creating a river corridor. The Leader further stated that he did not believe s106 agreements had been concluded for relevant sites. With regard to the Highline, this would secure the connection between City Centre and the Bay and contribute to the cross rail project. The Chief Executive explained discussions with the UK Government had indicated their keenness on large scale transport projects and their understanding of the complexity of funding for these and the need for a variety of sources to enable them to be achieved.

RESOLVED – That the public be excluded from the meeting at this point during consideration of this item as the Committee discussed exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public may be excluded from the meeting by resolution of the Committee pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

7 : CITY CENTRE NEXT STEPS - CASTLE STREET & CITY CENTRE EAST (PHASE 1 + CANAL) - TO FOLLOW

Members were advised that this item was to undertake pre-decision scrutiny of a report to Cabinet. The report covers two transport schemes: City Centre East, seeking delegated authority to award the tender and begin construction; and Castle Street, seeking Cabinet approval for modifications to the current road layout and to commission further modelling and analysis of these modifications. The scope of Committee's scrutiny is to explore the potential impact of these schemes on the economy of Cardiff, particularly businesses, tourism, culture and events, including looking at the impact of proposals on the climate emergency and on equalities in Cardiff. Committee also need to explore whether there are any risks, financial or otherwise, to the Council.

Committee were required to consider Appendix 6 in a closed session to discuss information deemed exempt, in accordance with paragraphs 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972, but discussions would start in open session.

The Chairperson welcomed Cllr Wild – Cabinet Member, Strategic Planning & Transport; Andrew Gregory – Director of Planning, Transport & Environment and Gethin Shields –Transportation Programme Manager to the meeting.

The Chairperson invited Councillor Wild to make a statement in which he said that in relation to Castle Street, there were lots of different factors at play, the main being clean air and the transport elements; he stated that he has pushed to see what mitigations can be put in place. Modelling has shown some concerns about air quality impact in residential areas. The next step is temporary as there is a need to continue to test how things go forward. With regard to City Centre East, this comes with road closures; these have already been started in Wood Street and lots of bus and cycle lanes are going in across the City.

Members were provided with a verbal presentation after which the Chairperson invited questions on the open information.

Members asked how people from the North of Cardiff will be able to access Castel Street and Officers advised that it would be the same as pre-covid.

In relation to the Consultation, Members asked how this had been promoted across the City as a whole. Officers explained they had used social media, press releases, the Council website and email databases and had had an unprecedented response. In response to a further question on how businesses in particular had been consulted, Officers explained that they had undertaken a letter drop to all businesses within 150metre radius of city centre and used an email database. The responses had been mixed as some business wanted it kept open for deliveries etc. and some wanted it closed to have use of wider pavements.

A discussion took place around promoting active and public transport. It was noted that the pop-up Cycle ways were quicker to implement due to Covid. In relation to the Bus Strategy, the aim is to double bus usage to fit in with the aspirations of the

Transport White Paper. It was noted that there would be impacts while these are embedded and this was the reason for the temporary solution.

Members discussed displaced traffic and the impact on air quality and children's health. Officers assured Members that the air quality would still be compliant with EU Nitrogen Dioxide levels but they would continue to monitor levels going forward and find the best solutions as set out in the Clean Air Plan.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

8 : SCRUTINY ANNUAL REPORT

Members were advised that this was the first combined Annual Report, which had been a recommendation from Audit to ensure maximum visibility and the impact of Scrutiny. It also encourages engagement, promotes Scrutiny and is an easier read. This will be published as part of the rebranding of the Scrutiny page on the Council website, which will also be a mechanism for engagement.

This is the draft report, comments from Members are welcomed before it goes to Council on 24 June 2021 for approval. At the Council meeting, all five Scrutiny Chairs will have an opportunity to take part in presenting the report.

Councillor Robson advised that he liked the Scrutiny annual report format although he considered there maybe a few too many comments from the Cabinet, but that would evolve.

He considered that one thing which was missing was any mention of committee not agreeing with the Cabinet recommendations for Merchant Place/Cory Buildings. He was not sure how that should be captured but at the moment the report suggests that the committees agreed or strengthened Cabinet recommendation, whilst Cabinet accepted 70% of the committee's recommendations; as it happens very infrequently he felt it should be mentioned somehow. Members agreed with this change.

RESOLVED: that subject to changes agreed at the meeting, approved the Annual Report to go to Council.

9 : WORK PROGRAMME 2021-2022

Members were advised that there were two issues to consider; firstly to agree an approach to form the Work Programme and secondly to agree dates for the calendar of meetings.

Members discussed both issues and determined that the approach previously undertaken for the Work Programme be continued; whereby Cabinet Members and Directors are given the opportunity to flag up areas for scrutiny, the Principal Scrutiny officer then reviews this and associated documents and shares an information pack with Committee Members. An informal meeting is then held to prioritise a work programme.

Members agreed that the October Committee Meeting be moved to Monday 11 October to enable Cabinet Papers to be included in the agenda pack.

10 : CORRESPONDENCE

Members were advised that at the time of writing the report there had been two responses outstanding, however one response has since been received. The only outstanding response is for the Canal Quarter Regeneration letter.

11 : URGENT ITEMS (IF ANY)

None received.

12 : DATE OF NEXT MEETING

8 July 2021 at 4.30pm

The meeting terminated at 7.00 pm

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CYNGOR CAERDYDD
CARDIFF COUNCIL

ECONOMY & CULTURE SCRUTINY COMMITTEE

13 JULY 2021

ATLANTIC WHARF REGENERATION SCHEME – NEXT STEPS: PRE-DECISION SCRUTINY

Appendices 1, 2, 3, 4, 5, 6, 7, 8 and 9 of the Cabinet Report are not for publication as they contain exempt information of the description contained in paragraphs 14 and 21 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 the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet regarding the next steps in the Atlantic Wharf regeneration, which is due to be considered by Cabinet at their meeting on 15 July 2021.
2. Members should note that **Appendices 1, 2, 3, 4, 5, 6, 7, 8 and 9** of the Cabinet report 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.

Scope of Scrutiny

3. At their meeting on 15 July 2021, the Cabinet will consider a report that provides a brief update on the Indoor Arena project and updates Cabinet on a number of proposed changes to the Atlantic Wharf masterplan.
4. The report seeks authority to progress a Full Business Case for the proposed Multi-Storey Car Park and authority to progress an Outline Business Case to consider options for upgrading the Red Dragon Centre development.

5. During this scrutiny, Members have the opportunity to explore:
 - i) The Indoor Arena update
 - ii) The proposed changes to the Atlantic Wharf masterplan
 - iii) The proposals regarding the Multi-Storey Car Park
 - iv) The proposals regarding the upgrade of the Red Dragon Centre
 - v) Whether there are any risks to the Council;
 - vi) The timeline and next steps for delivering xxx;
 - vii) The recommendations to Cabinet.

Structure of the meeting

6. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Appendices 1, 2, 3, 4, 5, 6, 7, 8 and 9.**
7. Members will hear from Councillor Russell Goodway (Cabinet Member – Investment and Development) and Neil Hanratty (Director of Economic Development). There will be a presentation taking Members through the proposals and recommendations to Cabinet, followed by Members questions.
8. 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

9. In November 2020, Cabinet approved the Live Nation consortium as the preferred bidder for delivery of the new Indoor Arena. The Full Business Case is scheduled to be presented to Cabinet in September 2021.
10. Also in November 2020, Cabinet gave authority to develop an outline business case for the provision of the new multi-storey car park required to consolidate

existing surface car parking in Atlantic Wharf, to support delivery of the Indoor Arena and Atlantic Wharf regeneration.

11. In December 2020, Cabinet approved the Atlantic Wharf masterplan and the development of an outline business case to redevelop the Red Dragon Centre.

12. The draft report to Cabinet entitled '*Atlantic Wharf Regeneration: Next Steps*' is attached at **Appendix A** and has **nine** confidential appendices:

- **Confidential Appendix 1** - Master-plan Report (Dec 20)
- **Confidential Appendix 2** - Master-plan Report RDC 2.
- **Confidential Appendix 3** - This is Wales Proposal.
- **Confidential Appendix 4** - Hybrid Rational and Cost Report
- **Confidential Appendix 5** - Car Park Outline Business Case
- **Confidential Appendix 6** - Interim Car Park & Footbridge
- **Confidential Appendix 7** - WMC Report (Capita)
- **Confidential Appendix 8** - WMC MOU
- **Confidential Appendix 9** - Finance Report

Issues identified in the Cabinet Report

Indoor Arena

13. The report to Cabinet sets out that the Preferred Bidder has entered into a Pre Planning Agreement and that good progress has been made towards the signing of a Development Agreement, which is scheduled to be reported to Cabinet in September 2021.

14. The report to Cabinet sets out that there have been some issues with land assembly and with construction cost inflation, which have required conversations with the preferred bidder. The Council is optimistic that agreement will be reached with the one remaining party regarding land assembly; however, if Compulsory Purchase Order powers are required, there will be a further report to Cabinet.

Atlantic Wharf Masterplan

15. An update is provided at **Points 16 – 26**. Following further financial, commercial and delivery feasibility, there are a number of proposed amendments to avoid potential land assembly issues and to optimise affordability. These are:

- i) To deliver redevelopment of the Red Dragon Centre in 2 phases, with space for existing tenants provided first, on the site previously proposed for a stand-alone office development. This would enable tenants to move in prior to their units being demolished, limiting tenant compensation payments.
- ii) To include private rented sector apartments in the Red Dragon Centre redevelopment – as initial discussions with agents have highlighted increased interest in these. This will be tested as part of developing an outline business case

16. The report to Cabinet highlights progress made with:

- i) Public consultation – which went live 14 May 2021 with an exhibition tour to commence when covid restrictions allow
- ii) The proposed *This is Wales* attraction, with further details provided in **Confidential Appendix 3**.
- iii) The Indoor Arena connecting to the Council's Heat Network.

17. The report to Cabinet seeks authority to develop an Outline Business Case, which would enable proposals to be tested further, including private rented sector apartments, leisure, food and beverage opportunities. The Outline Business Case will be presented to Cabinet in October 2021.

18. At **point 24**, the report highlights that costs to the Council for the hybrid planning application are provided in **Confidential Appendix 4**.

Multi- Storey Car Park (MSCP)

19. Details are provided at **Points 27 – 34**, with the outline business case for the MSCP provided at **Confidential Appendix 5**. Having considered various delivery models, the recommended approach is for the Council to construct and operate

the new MSCP, a proposal that will be tested in detail as part of the development of a Full Business Case.

20. The proposal is for a 1,300 space MSCP, slightly less than the original 1,500 MSCP. This will include 375 vehicle-charging points, battery storage, a solar farm and other green initiatives, including a vertical green wall and an integrated hydroponics facility. These proposals will be tested during development of the Full Business Case.
21. The location of the MSCP is designed to link to the new Cardiff Bay Transport Hub proposed for Pierhead Street.
22. The report to Cabinet outlines it will take 2 years to complete a MSCP, meaning interim parking may be needed, possibly at the Pierhead Street MSCP, with a temporary Council staff car park on land set out in **Confidential Appendix 6**. This would require a new footbridge, which would form part of the business case for the Red Dragon Centre.

Cultural Production Partnership

23. The report to Cabinet states that the Council has been in discussion with the Wales Millennium Centre to agree a Memorandum of Understanding, at **Confidential Appendix 8**, to establish a Cultural Production Partnership. This is to support local production and content, working with local communities and schools to feed into the Indoor Arena and Wales Millennium Centre and other venues.
24. **Points 35-36** set out that **Confidential Appendix 7** contains initial proposals and a high-level cost plan, which will be considered as part of the business case for the Red Dragon Centre.

Financial Implications

25. **Points 34 – 39** set out that more detailed financial implications will be provided as detailed proposals are brought forward. They also highlight:

- i) The costs of funding the full business case for the MSCP and the delivery of the MSCP will be funded utilising the Arena Affordability Envelope, with the MSCP being self-financing longer term
- ii) Evidence will be required from the developer that the costs re Developer Hybrid Planning Application fees are independent of the Arena planning application
- iii) That redevelopment of Atlantic Wharf must be self-financing, as no specific funding is available in the Council's budget.
- iv) That any revenue costs, such as soft market testing, must be borne by the Directorate's existing budgets.

Legal Implications

26. **Points 40 – 52** set out the legal basis for the Council to acquire land and enter into a Memorandum of Understanding with the Wales Millennium Centre. They also set out the need for the Council to :

- i) consider value for money, risks, rewards and liabilities
- ii) consider its duties with regard to the Equality Act 2010, the Well-Being of Future Generations (Wales) Act 2015, Welsh Language Measure (Wales) 2011 and Welsh Language Standards, and
- iii) comply with the Policy and Budgetary Framework.

Property Implications

27. **Points 53 -54** set out the need to accord with the Council's Asset Management process.

Human Resources Implications

28. **Point 55** sets out that it is important that full consideration is given to any potential impact on the current parking provision available to Council employees at County Hall and that it is essential that trade union consultation and communication with employees is undertaken at an appropriate time to ensure openness and transparency. It further states that it is important employees are clear about alternative parking and travel solutions.

Proposed Recommendations to Cabinet

29. The report to Cabinet contains the following recommendations:

- i. Note progress on the Indoor Arena and that a report will be presented to Cabinet seeking authority to enter into a Development Agreement with the Preferred Bidder in September.*
- ii. Approve Multi-Storey Car Park OBC attached at Confidential Appendix 2 and authorize the development of a Full Business Case (FBC) as set out in this report and in line with the rationale and details set out in Confidential Appendix 5.*
- iii. Approve the development of an Outline Business Case to consider options for the redevelopment of the Red Dragon Centre including a soft market testing exercise and delegate authority to the Director of Economic Development, in consultation with the Cabinet Member for Investment and Development, the Section 151 Officer and the Legal Officer to agree the Council's contribution to the hybrid planning application, as set out in this report.*
- iv. Approve the WMC MOU and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment and Development, the Section 151 Officer and the Legal Officer to negotiate a delivery strategy.*

Previous Scrutiny

30. In December 2020, this Committee undertook pre-decision scrutiny of a report to Cabinet on the Atlantic Wharf masterplan. Following this scrutiny, the Chair, Councillor Howells, wrote a confidential letter to Councillor Russell Goodway, Cabinet Member – Investment and Development, dated 9 December 2020, setting out the Committee's comments and observations. A copy of the confidential letter has been shared with Committee Members.

Way Forward

31. Councillor Russell Goodway (Cabinet Member – Investment and Development) will be invited to make a statement. Neil Hanratty (Director of Economic Development) and Chris Barnett (Operational Manager – Major Projects) will

attend to give a presentation and all witnesses will be available to answer Members' questions on the proposals.

32. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendices 1, 2, 3, 4, 5, 6, 7, 8 and 9**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

33. 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

34. 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.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 15 July 2021; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

7 July 2021

Mae'r dudalen hon yn wag yn fwriadol

CABINET MEETING:

15 JULY 2021

**ATLANTIC WHARF REGENERATION SCHEME - NEXT
STEPS**

INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)

AGENDA ITEM:

PORTFOLIO: INVESTMENT & DEVELOPMENT

Appendices 1 to 8 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. To provide Cabinet with a brief update on the new Indoor Arena project in advance of a full update report in September.
2. To update Cabinet on a number of proposed changes to the Atlantic Wharf masterplan following further commercial appraisal and feasibility consideration and to seek authority for a hybrid planning application to be submitted.
3. To seek authority to progress a Full Business Case for the proposed new Multi-Storey Car Park (MSCP) required to enable the consolidation of existing surface car parking in the Atlantic Wharf area to support the delivery of the new Indoor Arena and the redevelopment of the Red Dragon Centre.
4. To seek authority to progress an Outline Business Case to consider options for upgrading the Red Dragon Centre development.

Background

5. Delivery of a new Indoor Arena is one of two key strategic economic commitments set out by the political administration in their strategic policy document *Capital Ambition*. The new Indoor Arena is a major component of the wider Atlantic Wharf regeneration scheme in Butetown, which is the main Council-led development project to support delivery of the Council's policy ambition to establish Cardiff Bay as a premier UK visitor destination.

6. Following significant feasibility work, Cabinet provided authority in July 2019 to progress a procurement process for delivery of a new 15,000 capacity Indoor Arena as a key component of the Atlantic Wharf regeneration scheme.
7. Further to the above, in January 2020, Cabinet provided authority to acquire the Red Dragon Centre investment to provide the Council with comprehensive land control in the area to enable the regeneration scheme and to support delivery of the new Indoor Arena.
8. In November 2020, Cabinet approved a 'Preferred Bidder' consortium led by Live Nation for delivery of the new Indoor Arena and gave authority to enter into a Pre-contract Service Agreement (PCSA) to enable the Preferred Bidder to develop proposal and designs to enable the development of a full business case. The full business case is scheduled to be presented to Cabinet in September 2021. At the same meeting, Cabinet gave authority for the development of an outline business case to review options relating to the requirement for the provision of a new MSCP that is required to be provided prior to practical completion of the new Indoor Arena.
9. In December 2020, Cabinet approved the regeneration master-plan for Atlantic Wharf as well as the principle of a hybrid planning application being brought forward by the Preferred Bidder for the Arena. The master-plan is attached as **Confidential Appendix 1**. As part of this decision, Cabinet also approved the development of an outline business case to consider the redevelopment of the Red Dragon Centre as part of a wider regeneration scheme.
10. In addition to the progress being made on the delivery of the physical development, the Council has also been in discussions with the Wales Millennium Centre to agree a Memorandum of Understanding to establish a Cultural Production Partnership. The partnership is intended to support the development of local production and content that will feed both the Indoor Arena, the Wales Millennium Centre and other city performance venues. This partnership will also include working with local communities and schools to nurture talent of the future.

Issues

11. The Indoor Arena procurement has made good progress towards the signing of a Development Agreement in the summer. This will trigger the submission of a planning application in October. The current inflation in construction material prices has led to a slight delay in concluding the legal contract and means the Development Agreement will now be reported to Cabinet in September rather than July. This does not affect the delivery programme.
12. The Atlantic Wharf masterplan presented to Cabinet in December 2020 has undergone further financial, commercial and delivery feasibility. Whilst the masterplan remains largely the same, there are a number of proposed amendments that need to be considered by Cabinet to avoid potential land assembly issues and to optimize affordability.
13. The consolidation of existing surface car parking into a Multi-Storey Car Park (MSCP) providing space for the new Indoor Arena and other associated development remains at the heart of the masterplan. An Outline Business Case (OBC) for the new MSCP has been completed and the preferred delivery option now needs to be agreed.
14. The development of a new MSCP will take approximately 2 years to complete, so as part of the process, an interim car parking solution may need to be considered to service both the Red Dragon Centre and County Hall. One proposal is to utilize available capacity in the existing MSCP on Pierhead Street to service the Red Dragon

Centre until the new MSCP is constructed, and to create a temporary car park for Council staff on currently undeveloped land identified within Confidential Appendix 3. This would require a number of issues to be resolved including the early delivery of a new pedestrian bridge across the A4232. This footbridge does not currently form part of the business case for the new MSCP so will need to be considered separately as part of the Red Dragon Centre business case.

15. Good progress has also been made on the proposal to deliver a new production centre for the Wales Millennium Centre. As part of this, the Council and the Wales Millennium Centre have established a Cultural Production Partnership, which aims to encourage more content to be created locally to be showcased at local venues and beyond. A Memorandum of Understanding between the parties involved has been drafted for Cabinet to consider.

Atlantic Wharf Masterplan

16. The detailed design of the new Indoor Arena has progressed well since December and the Preferred Bidder has now entered into a Pre Planning Agreement with the Local Planning Authority, and has commenced Pre Application Consultation.
17. Development of the legal contract with the Preferred Bidder has progressed well and is on course to be completed in time to allow the Development Agreement to be presented for approval by Cabinet in September. This decision was originally scheduled for July. This delay will not affect the delivery programme for the Arena as the planning application is still expected to be submitted in October, as scheduled.
18. The delay in concluding the legal agreement relates to two key issues. Firstly, there has been an unforeseen issue with land assembly that has meant the Council has been unable to tie down its obligation relating to the stopping-up of Schooner Way. The report to Cabinet in December identified a number of parcels of land that sit outside of the red line boundary of the Arena development site, as illustrated by the masterplan at **Confidential Appendix 1**, required to enable delivery of service infrastructure and public open space. Terms are agreed with all but one party. The Council remains optimistic that an agreement will be reached with the remaining party, however, should negotiations fail, the Council may need to consider use of Compulsory Purchase Order powers. If such action is subsequently required, a further report will be presented to Cabinet in due course.
19. In addition to the above, as we come-out of the pandemic, there has been a significant impact on the construction supply chain where key materials such as steel, cladding, plasterboard, cement etc. have seen double figure inflation increases. The risk associated with cost inflation sits with the Preferred Bidder consortium. Nonetheless, these cost increases have become a significant concern for the project and have required extended conversations with the Preferred Bidder.
20. The masterplan has undergone further detailed consideration. Whilst it remains largely the same as presented in December, it is now proposed that the redevelopment of the Red Dragon Centre (RDC) is delivered in 2 phases, with the first phase located on the site previously proposed for a stand-alone office development. This would allow the redevelopment of the RDC to proceed in advance of the current Red Dragon Centre being demolished and would enable all existing tenants to be retained. Financially this approach delivers a better solution, as it would limit the requirement for tenant compensation payments.
21. The proposals in the masterplan for the Red Dragon Centre now need to be tested through the business case process to determine the most appropriate way for the

proposals to be delivered. This report seeks Cabinet authority to prepare an Outline Business Case for the Red Dragon Centre development to consider the options available to the Council.

22. In advance of that, initial discussions have taken place with agents to determine the investment potential of a new RDC development. The property market has seen an increased interest in Private Rented Sector apartments (PRS) which have now been incorporated into the RDC proposals. As part of the OBC, the Council will need to undertake a soft-marketing exercise to fully understand the PRS opportunity alongside the proposed leisure, and food & beverage opportunities. The aim is to commence a soft marketing process following Cabinet authority to proceed and to complete the process in circa 6- 8 weeks so that the findings can inform the Outline Business Case to be presented back to Cabinet in October 2021.
23. Discussions regarding the proposed '*This is Wales*' attraction have been progressing positively. Updated plans and further detail of the designs, cost and business model along with an offer from the provider are attached at **Confidential Appendix 3**.
24. In December 2020, as part of approving the Atlantic Wharf masterplan, Cabinet approved the submission of a hybrid planning application by the Arena developer covering both the Indoor Arena development (in detail) and the wider masterplan (in outline). The Council has worked with the developer to bring forward this strategy and has agreed the Council's costs for the hybrid application which amount to the costs over and above what would have been required for a standalone detailed application for the Indoor Arena. The costs and rationale are outlined in **Confidential Appendix 4**.
25. The public consultation website for the Atlantic Wharf masterplan went live on the 14th May 2021. An exhibition tour is planned to commence in July 2021 (subject to Covid restrictions). Locations and dates for the exhibition tour will be publicised by the end of June 2021.

Heat Network

26. Agreement has been reached with the Arena operator to connect to the Council's new Heat Network. In addition negotiations are also progressing to connect the existing Red Dragon Centre and any replacement.

Multi-Storey Car Park (MSCP) Outline Business Case

27. As outlined above, the Atlantic Wharf masterplan is based on the premise of consolidating extensive existing surface car parking into a Multi-Storey Car Park. During the procurement process for the delivery of the new Indoor Arena, the Preferred Bidder placed an obligation on the Council to ensure the re-provision of no less than 1,300 spaces car parking spaces within Atlantic Wharf prior to practical completion of the new Indoor Arena. In addition to this, the current lease obligations with key tenants within the existing Red Dragon Centre require 900 spaces to be available within the immediate vicinity of the facility. The Council is also displacing the current parking provision for County Hall to make way for delivery of the Arena.
28. In December 2020 Cabinet gave authority to commence the Outline Business Case (OBC) process. Initially the Council had intended to deliver a new MSCP with 1,500 spaces. However, through the OBC process, certain land assembly considerations has led the Council to propose a reduction of the size of the car park from 1,500 spaces to 1,300 spaces. The existing provision of surface car parking in the area is circa 1700 spaces covering the County Hall car park site and the Red Dragon Centre

car park site. This encompasses circa 9.5 acres of land. The proposed Multi-Storey Car Park will free up circa 8.5 acres of this surface car park land for development.

29. The OBC for the new MSCP is attached at **Confidential Appendix 5**. The business case process considered 3 different delivery models as follows:
- Disposal of a plot of land to a developer to build and operate the MSCP. This approach was quickly eliminated.
 - The Council to construct the MSCP, secure an operator on a long term lease and then to dispose of the property.
 - The Council to construct and operate the MSCP servicing the construction debt through income generated.

The recommended approach in the Outline Business Case is for the Council to construct and operate the new MSCP. The proposal will now need to be tested in detail through the development of a Full Business Case.

30. The key reasons for the recommended approach are:
- a. It provides a strong investment opportunity that can assist with the wider delivery of the Atlantic Wharf regeneration scheme.
 - b. It provides full flexibility in regard to any future decisions relating to existing Council assets, namely County Hall and the Red Dragon Centre.
 - c. One Planet policy and the Council ensuring that the wider masterplan delivers on the Council's sustainability strategy.
 - d. The MSCP can always be sold at a later date if required.
31. The proposed MSCP solution set out in **Confidential Appendix 5** includes a number of sustainable and green strategies to optimize the investment for the Council. The proposal provides for 375 vehicle charging points, battery storage and a solar farm and other green initiatives including a vertical green wall and an integrated hydroponics facility. These proposals will be further developed as part of the full business case.

Interim Car Parking Solution

32. The proposed location of the new MSCP is designed to provide easy access to the new Cardiff Bay Transport Hub proposed for Pierhead Street. The ambition is for the MSCP to be connected directly to the transport hub via a new pedestrian bridge over the A4232. Proximity to the transport hub provides potential for the car park to be utilized as a strategic park & ride facility with direct connectivity to an extended metro line to the City Centre, and as the line develops further to the new St Mellons Parkway station.
33. Whilst the new MSCP is under construction, temporary parking provision may be required for both the Red Dragon Centre and for Council staff working at County Hall. It is proposed that existing capacity in the MSCP on Pierhead Street will be utilized to service the Red Dragon Centre during this interim period. This could include the main entrance to the Red Dragon Centre being re-orientated towards Bute Place (facing the Wales Millennium Centre) and away from the existing car park which will essentially become a construction site. Interim provisions for Council staff parking are being considered on the land identified in **Confidential Appendix 6**, but this would require the proposed footbridge over the A4232 to be brought forward as an early deliverable to provide access to the temporary car park. Over 200 spaces will be

retained immediately adjacent to County Hall to provide for priority staff that need to have parking located adjacent to the building, including the provision of adequate disabled parking spaces.

34. The land required to enable the proposed temporary parking arrangements is identified within **Confidential Appendix 6**. The costs of securing the land on a temporary basis as well as any costs associated with its temporary use including the early delivery of the proposed footbridge will be considered in detail as part of the Full Business Case work for the Red Dragon Centre being undertaken over the autumn.

Cultural Production Partnership

35. Discussions regarding the proposed new Wales Millennium Centre production facility known as the Capella Project continues to progress well. **Confidential Appendix 7** sets out initial proposals and a high-level cost plan. The new Production Facility forms part of the proposed new RDC and as such will be considered as part of the OBC for the RDC development.
36. Alongside negotiations regarding the development, there has been discussions on a wider entertainment strategy for Cardiff and Wales. The Memorandum of Understanding (MOU) attached at **Confidential Appendix 8** sets out a framework for the development of a Cultural Production Partnership, with the aim of maximizing opportunities to support the city's creative economy and to provide opportunities for employment and participation for local communities. The objectives of the partnership are to raise the international profile of the creative sector in Cardiff; to increase the value of creative and cultural production in Cardiff; to increase attendance and participation at creative/cultural productions and events in Cardiff; and to support a diverse talent pipeline to sustain the creative sector in Cardiff

Reasons for Recommendation

34. To progress the Atlantic Wharf regeneration scheme.

Financial Implications

35. This report asks Cabinet to note updates to the draft Atlantic Wharf masterplan previously approved in December 2020. The previously approved masterplan contained a wide range of proposals, including the proposed redevelopment of circa 25 acres of Council owned land in Cardiff Bay, with this report focussing on a revision to this masterplan approval focussing on site of new Red Dragon Centre. Moving forwards a business case led approach will be taken with detailed individual scheme proposals to be presented to Cabinet for approval in due course. More detailed financial implications will be provided as and when these detailed proposals are brought forward with clear funding strategies identified to implement these proposals.
36. As part of the Arena procurement one of the Council's obligations is to re-provide 1,300 parking spaces prior to practical completion of the new Indoor Arena. The outline business case for the proposed multi-storey car park recommends the most viable solution is for the Council to deliver and operate the new car park, albeit this solution will need to be further tested through the delivery of a full business case. The costs of funding the full business case for the multi-storey car park, as well as the ultimate delivery of the car park itself will be funded utilising the Arena Affordability Envelope in the short-medium term, whilst in the long term the overall scheme must be sustainable and self-financing in its own right. A full business case for new MSCP will be presented to Cabinet for approval in due course.

37. Heads of Terms have now been agreed for the acquisition of the majority of parcels of land identified within the 'Arena Land Strategy' document presented and approved by Cabinet in November 2020. The appropriate delegated authority and agreements to fund completion of necessary land acquisitions has been previously provided by Cabinet, and now remains subject to satisfactory completion of legal agreements and independent valuation advice to confirm value for money. In scenario that terms are not agreed with one remaining landowner referred to within issues section above and the Council is required to use Compulsory Purchase Order powers, a further report will be presented to Cabinet in due course and financial implications of this will be provided at that time.
38. This report also seeks Cabinet approval in principle to pay Developer Hybrid Planning Application fees related to Atlantic Wharf elements of Arena Hybrid Planning submission. Payment of fees will be subject to sufficient evidence being provided by Developer demonstrating these costs are independent of the Arena planning application and linked only to wider Atlantic Wharf planning costs i.e. Arena planning could be obtained without incurring these costs. Details of these proposed fees and funding sources are included in Confidential Appendices 4 and 9.
39. No specific funding is currently available within the budgetary framework for the redevelopment of Atlantic Wharf (including redevelopment of the Red Dragon Centre, WMC investment, interim car park and footbridge etc), so any proposals being brought forward must be on a self-financing basis, utilising capital receipts and s106 contributions generated. Any revenue costs incurred in bringing these strategies to fruition, including the RDC soft market testing exercise referred to within 'issues' section above, must be borne by the relevant directorates from within existing budgets. The consolidation of parking within Atlantic Wharf into a multi-storey car park is one element of the masterplan where potential surpluses could be generated though, with any financial benefits realised being used to assist with the wider regeneration of Atlantic Wharf.

Legal Implications

40. In relation to property matters, Section 120 of the Local Government Act 1972 enables the Council to acquire land for either (a) the benefit, improvement or development of its area or (b) for any of its functions under any enactment. The Council's Disposal and Acquisition of Land Procedure Rules requires the decision maker to have regard to advice from a qualified valuer, to ensure value for money in relation to its acquisitions and to ensure the terms for the sale are best value.
41. In relation to the Memorandum of Understanding with WMC, Section 2 of the Local Government Act 2000 provides power to local authorities to do anything that is likely to promote the economic, social or environmental well-being of its area. Statutory Guidance indicates that such power may be used in a wide range of purposes, which may include but are not limited to, cultural enhancements.
42. Proper consideration should be given in terms of obtaining value for money and in relation to the Council's fiduciary duties to the local residents and taxpayers. As such, proper consideration needs to be given to the risks, rewards and potential future liabilities of the proposals which are the subject of this report.
43. The decision about these recommendations has to be made in the context of the Council's public sector equality duties. The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity

and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

44. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers ([WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 \(gov.wales\)](#)) and must be able to demonstrate how it has discharged its duty.
46. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of the Equalities Impact Assessment.
47. The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
48. In discharging its duties under the Act, the Council has set and published wellbeing objectives designed to maximise its contribution to achieving the national wellbeing goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2018-21: <http://cmsprd.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Documents/Corporate%20Plan%202018-21.pdf>
49. The wellbeing duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
 - Look to the long term
 - Focus on prevention by understanding the root causes of problems.
Deliver an integrates approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
50. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
51. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

52. The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to Council.

Property Implications

53. The Strategic Estates Department have been closely involved in valuation, acquisition and asset management advice pertaining to the Atlantic Wharf masterplan. Specific property matters in key areas are identified and discussed in the body of this report and also a number of the Appendices. These separate reports cover, where relevant, valuation and negotiation advice addressing the estate management and land assembly requirements created through these proposals.
54. Where there are resultant land transactions, or further negotiations or valuations required to deliver these proposals, they should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

Human Resources Implications

55. Cabinet has already received a report in November 2020 and agreed that an outline business case be developed to determine the preferred solution for the delivery of car parking provision in Atlantic Wharf. Whilst this report does not include the outline business case it is important that during its development full consideration is given to any potential impact on the current parking provision available to Council employees at County Hall. Whilst the current car parking arrangements are not a contractual entitlement, it is essential that trade union consultation and communication with employees is undertaken at an appropriate time to ensure openness and transparency. Whilst the introduction of hybrid working and reduced occupancy levels at County Hall will be helpful, it is important employees are clear about the alternative parking and travel solutions that are available to them once any changes are introduced.

RECOMMENDATION

Cabinet is recommended to:

- I. Note progress on the Indoor Arena and that a report will be presented to Cabinet seeking authority to enter into a Development Agreement with the Preferred Bidder in September.
- II. Approve Multi-Storey Car Park OBC attached at Confidential Appendix 2 and authorize the development of a Full Business Case (FBC) as set out in this report and in line with the rationale and details set out in Confidential Appendix 5.
- III. Approve the development of an Outline Business Case to consider options for the redevelopment of the Red Dragon Centre including a soft market testing exercise and delegate authority to the Director of Economic Development, in consultation with the Cabinet Member for Investment and Development, the Section 151 Officer and the Legal Officer to agree the Council's contribution to the hybrid planning application, as set out in this report.
- IV. Approve the WMC MOU and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment and Development, the Section 151 Officer and the Legal Officer to negotiate a delivery strategy.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	Date

The following appendices are attached:

- Confidential Appendix 1 - Master-plan Report (Dec 20)
- Confidential Appendix 2 - Master-plan Report RDC 2.
- Confidential Appendix 3 - This is Wales Proposal.
- Confidential Appendix 4 - Hybrid Rational and Cost Report
- Confidential Appendix 5 - Car Park Outline Business Case
- Confidential Appendix 6 - Interim Car Park & Footbridge
- Confidential Appendix 7 - WMC Report (Capita)
- Confidential Appendix 8 - WMC MOU
- Confidential Appendix 9 - Finance Report

Yn rhinwedd paragraff (au) 14, 16, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

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CYNGOR CAERDYDD
CARDIFF COUNCIL

ECONOMY & CULTURE SCRUTINY COMMITTEE

13 JULY 2021

**VELODROME – INTERNATIONAL SPORTS VILLAGE: PRE-DECISION
SCRUTINY**

Appendices 1, 2, 3 and 4 of the Cabinet Report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 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 the Report

1. To give Members background information to aid the scrutiny of the draft report to Cabinet regarding the proposed velodrome at the International Sports Village, Cardiff Bay, which is due to be considered by Cabinet at their meeting on 15 July 2021.
2. Members should note that **Appendices 1, 2, 3 and 4** of the Cabinet report 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.

Scope of Scrutiny

3. At their meeting on 15 July 2021, the Cabinet will consider a report that presents the Outline Business Case for the development of the velodrome and seeks cabinet authority to proceed to detailed design, procurement of a contractor and submission of a planning application. Cabinet are asked to agree in principle to the allocation of the budget required to deliver the Velodrome.
4. During this scrutiny, Members have the opportunity to explore:
 - i) The outline business case, including:

- i. Projected Costs
 - ii. Projected Income levels
 - iii. Avison Young review – attached at Confidential Appendix 2
 - iv. RPA review of costs – attached at Confidential Appendix 3
 - v. Financial Report – attached at Confidential Appendix 4
- ii) Whether there are any risks to the Council
 - iii) The timeline and next steps
 - iv) The recommendations to Cabinet.

Structure of the meeting

- 5. The Chair will move that this item be considered in two parts: an open session, where Members will be able to ask questions on the issues and papers that are in the public domain; and a closed session, where members of the public will be excluded, where Members can ask questions that pertain to **Appendices 1, 2, 3 and 4.**
- 6. Members will hear from and be able to ask questions to Councillor Russell Goodway (Cabinet Member – Investment and Development), Neil Hanratty (Director of Economic Development), Chris Barnett (Operational Manager – Major Projects) and Jo-Anne Phillips (Project Manager).
- 7. 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

- 8. In March 2021, Cabinet approved plans to relocate the Velodrome from Maindy Leisure Centre to the International Sports Village site and granted authority to prepare the Outline Business Case for the Velodrome.
- 9. The capital funding for the new Velodrome comes from a capital payment from the Council's Education Department in relation to the land at Maindy, which will be

used for the new Cathays High School, and from a capital loan serviced by revenue from the operation of the new Velodrome.

10. The draft report to Cabinet entitled '*Velodrome – International Sports Village*' is attached at **Appendix A** and has **four** appendices:

- **Appendix 1** - Confidential - ISV Masterplan
- **Appendix 2** - Confidential – Avison Young Velodrome Business Case Report
- **Appendix 3** - Confidential – RPA Cost Report
- **Appendix 4** - Confidential – Financial Report

Issues identified in the Cabinet Report

11. The report to Cabinet contains the Outline Business Case, with an independent assessment of the business plan (at **Confidential Appendix 2**), an independent cost feasibility estimate of construction costs (at **Confidential Appendix 3**), and a revised Financial Report (at **Confidential Appendix 4**).

12. The report at **Confidential Appendix 2** confirms the anticipated income will be sufficient to finance the required capital loan as well as day-to-day operational and life cycle costs. The report also highlights the possibility of further increasing revenue by increasing occupancy and services, albeit that these require a small increase in initial capital outlay.

13. The report at **Confidential Appendix 3** sets out the costs for the design and cost plans required to inform the Full Business Case and submission of a planning application. The Full Business Case will be reported back to Cabinet before the completion of contracts, in November/ December 2021, with the aim to start on site early in the New Year.

14. At **point 8**, the report to Cabinet sets out that the operation of the Velodrome will be considered as part of the overall ISV business case, which will be reported to Cabinet in September 2021 as well as in November/ December 2021 as part of the Full Business Case report.

15. The Financial Implications at **points 10-15** include:

- i) As no specific funding is allocated in the budget to redevelop the International Sports Village, proposals must be self-financing.
- ii) The costs of progressing to a Full Business Case will need to be funded from existing Directorate budgets
- iii) That VAT status results in likely restrictions to the Council operating the Velodrome, resulting in a risk that the Council may not be able to appoint a suitable third party operator – the market appetite for this needs to be further tested.
- iv) That further detailed VAT advice will be required on specific proposals.

16. The Legal Implications **at points 16-26** set out the need for the Council to:

- i) consider value for money, risks, rewards and liabilities
- ii) comply with Contract Standing Orders and Procurement Rules
- iii) consider its duties with regard to the Equality Act 2010, the Well-Being of Future Generations (Wales) Act 2015, Welsh Language Measure (Wales) 2011 and Welsh Language Standards
- iv) comply with the Policy and Budgetary Framework, and
- v) seek further specific legal advice for future reports.

17. The Property Implications at **point 27** highlights the need for proposals to accord with the Council's Asset Management process.

Proposed Recommendations to Cabinet

18. The report to Cabinet contains one recommendation, which is:

- (i) *Approve the business plan report attached at Confidential Appendix 2 and agree in principle to the allocation of the budget required to deliver the Velodrome at the International Sports Village as set out in this report subject to final approval of the Full Business Case at a future Cabinet meeting.*

Previous Scrutiny

19. In March 2021, this Committee undertook pre-decision scrutiny of the report to Cabinet that set out the proposed development strategy for the Velodrome and the International Sports Village.
20. Following their scrutiny, the Chair, Councillor Nigel Howells, wrote a confidential letter to Councillor Russell Goodway, Cabinet Member- Investment & Development, dated 16 March 2021. This letter has been shared with Committee Members.

Way Forward

21. Councillor Russell Goodway (Cabinet Member – Investment and Development) will be invited to make a statement. Neil Hanratty (Director of Economic Development), Chris Barnett (Operational Manager – Major Projects) and Jo-Anne Phillips (Project Manager) will attend and all witnesses will answer Members' questions on the proposals.
22. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendices 1, 2, 3 and 4**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

23. 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

24. 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.

RECOMMENDATION

The Committee is recommended to:

- i) Consider the information in this report, its appendices and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter in time for its meeting on 185 July 2021; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

7 July 2021

CABINET MEETING:

15 July 2021

VELODROME: INTERNATIONAL SPORTS VILLAGE

INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)

AGENDA ITEM:

PORTFOLIO: INVESTMENT & DEVELOPMENT

The appendices of this report are not for publication as they contains exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.

Reason for this Report

1. To present the Outline Business Case for the development of a new Velodrome at the International Sport Village and to gain authority to proceed with detailed design, the procurement of a contractor and the submission of a planning application which will be presented back to Cabinet in the form of a Full Business Case for final approval in due course.

Background

2. In March, Cabinet approved a new masterplan with proposals to complete the leisure destination at the International Sports Village. The plan is attached at **Confidential Appendix 1**. As part of this, authority was granted to prepare an Outline Business Case relating to the leisure destination to include a soft-marketing testing exercise relating to the future operation of the site.
3. At the same meeting, Cabinet approved plans to relocate the Velodrome from Maindy to a new facility to be constructed at the International Sports Village. Authority was granted to prepare an Outline Business Case for the delivery of the new Velodrome, including the appointment of professional advisors, the procurement of a contractor and the development of a planning application.

Issues

4. The capital funding proposal for the delivery of the new Velodrome is made-up of two parts. The first part is a capital payment from the Council's Education

Department relating to the use of land at Maindy for the expansion of Cathays High School, which requires the relocation of the existing velodrome facility. The second part is proposed to be funded by a capital loan serviced by revenue from the operation of the new Velodrome.

5. The independent report attached at **Confidential Appendix 2** sets out the financial plan including the anticipated revenue opportunity. The report confirms that the anticipated income will be sufficient to finance the required capital loan as well as day-to-day operation and life cycle costs. The report also highlights the benefit of a small increase in the initial capital outlay to incorporate additional occupancy requirements and additional services that will in turn lead to increased revenue.
6. Based on the financial proposal set out in **Confidential Appendix 2**, this report seeks Cabinet authority to progress a Full Business Case (FBC). The FBC will finalise costs and will be reported back to Cabinet for approval before the completion of legal contracts with a contractor. A design team has been commissioned to develop the designs and cost plans to RIBA Stage 3. This will enable submission of a planning application and engagement with contractors through the SEWSCAP framework. The costs for this initial stage of the process are set out in **Confidential Appendix 3**.
7. The target is to complete design works in time for a planning submission by September 2021. The Full Business Case will then be presented back to Cabinet in November/December 2021, enabling a start on site early in the new year.
8. It is anticipated that the operation of the Velodrome will be managed as part of the overall leisure destination. The operation of the Velodrome will therefore be considered as part of the ongoing business case work on the whole of the sports village leisure destination that is scheduled to be reported back to Cabinet in September 2021, and will be incorporated into the Full Business Case for the Velodrome to be presented back to Cabinet in November/December 2021.

Reasons for Recommendation

9. To progress delivery of the new Velodrome and associated Performance Hub at the International Sports Village.

Financial Implications

10. This report seeks Cabinet approval of the business plan to support development of the Velodrome and an allocation of the budget required to complete its delivery within the International Sports Village (ISV).
11. As set out in the 'background' section of this report, in March 2021 Cabinet approved in principle the relocation of the Velodrome from Maindy to a new facility within the International Sports Village subject to the approval of a business case. Since then, Avison Young have carried out an independent assessment of the high level business plan prepared by Council officers for the development and operation of the Velodrome (see **Confidential Appendix 2**), whilst RPA have provided an independent cost feasibility estimate of the

construction costs for the Velodrome at the ISV (see **Confidential Appendix 3**) to provide increased certainty on likely construction costs than was previously available.

12. No specific funding is currently available within the budgetary framework for the redevelopment of the International Sports Village, so any proposals brought forward must be on a self-financing basis utilising capital receipts and s106 contributions generated. In this case, the capital costs of relocating the Velodrome will be funded partly by Education as part of the delivery of the new Cathays High School, and partly on an 'Invest to Earn' basis by future revenues to be generated by the Velodrome and associated facilities. The revenue costs of progressing to a full business case for final Cabinet approval will need to be funded from within existing directorate budgets.
13. An updated Financial Report is included at **Confidential Appendix 4** which takes account of revisions made following receipt of the two independent reports referenced above and appended as **Confidential Appendices 2 and 3**. The independent assessment of the business plan concluded that *"the basis of business plan costs and projections appear reasonable set against a logical rationale of the use of the venue by a number of identified stakeholder groups including those who currently use the Maindy track."* Also, after making appropriate allowances for costs, Avison Young concluded *"the velodrome is capable of meeting its operational obligations (including the servicing of assumed debt) whilst maintaining a marginal profit, assuming it is managed and administered in a commercial and proactive manner."* **Confidential Appendix 4** also sets out the potential benefits of a small increase in the initial capital outlay which could lead to increased operational revenues, albeit this investment remains subject to future decisions as well as additional due diligence.
14. As set out below, there are likely to be restrictions on future operational arrangements of the Velodrome due to the VAT status of the land. These restrictions are likely to include the Council being unable to bring operation of the facility in-house at any point, instead granting an operating lease to a third party with VAT chargeable on the lease in order to protect Council's partial exemption position. Being able to appoint a suitable third party operator remains a risk, in particular the ability and/or willingness of potential operators to assume responsibility for an annual debt repayment cost within the base operational cost model as is currently assumed within the business plan. The market appetite for this will need to be further tested as part of the soft market testing exercise for potential operating partners later this year.
15. Careful consideration must be given to the VAT implications of these proposals due to the tax status of the International Sports Village sites. The Council opted to tax this land as part of the original International Sports Village development, with specific VAT advice provided at the time setting out a range of potential uses and categories of suitable partner organisations for these sites, as well as some restrictions in order to protect the Council's VAT partial exemption position. Restrictions on future operational arrangements of the velodrome are set out above, whilst further detailed VAT advice will be required on specific proposals for the future operation of the Velodrome which must be taken into account in a timely manner during the decision making process.

Legal Implications

16. This report follows the March 20021 Cabinet report with reference to approving the business plan for the Velodrome proposal. Proper consideration will need to be given to obtaining value for money and to the risks, rewards and potential future liabilities of the proposals which are the subject of this report and appendices. In awarding any contract for works or service connected with the project, the Council will need to comply with its Contract Standing Orders and Procurement Rules internal together with the relevant statutory procurement regulations.
17. It is noted that a further report will be brought in September relating to the matters concerning the development agreement. Specific legal advice will need to be provided at that time in connection with any property matters.
18. The decision about these recommendations has to be made in the context of the Council's public sector equality duties. The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.
19. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers ([WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 \(gov.wales\)](#)) and must be able to demonstrate how it has discharged its duty.
20. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of the Equalities Impact Assessment.
21. The Well-Being of Future Generations (Wales) Act 2015 ("the Act") places a 'well-being duty' on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.
22. In discharging its duties under the Act, the Council has set and published wellbeing objectives designed to maximise its contribution to achieving the national wellbeing goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2018-21:

23. The wellbeing duty also requires the Council to act in accordance with 'sustainable development principle'. This principle requires the Council to act in a way which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:
- Look to the long term
 - Focus on prevention by understanding the root causes of problems. Deliver an integrates approach to achieving the 7 national well-being goals
 - Work in collaboration with others to find shared sustainable solutions
 - Involve people from all sections of the community in the decisions which affect them
24. The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below:
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>
25. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.
26. The decision maker must be satisfied that the proposal is within the Policy and Budget Framework, if it is not then the matter must be referred to Council.

Property Implications

27. The Strategic Estates Department have been closely involved in estates advice pertaining to the Velodrome & International Sports Village Development strategy. Where there are resultant land transactions, or further negotiations or valuations required to deliver future proposals, they should be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas.

RECOMMENDATION

Cabinet is recommended to:

- (i) Approve the business plan report attached at Confidential Appendix 2 and agree in principle to the allocation of the budget required to deliver the Velodrome at the International Sports Village as set out in this report subject to final approval of the Full Business Case at a future Cabinet meeting.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	Date

The following appendices are attached:

- Confidential Appendix 1 - Master-plan
- Confidential Appendix 2 - Avison Young Velodrome Business Plan Report
- Confidential Appendix 3 - RPA Cost Report
- Confidential Appendix 4 - Financial Report

DRAFT

Yn rhinwedd paragraff (au) 14, 16, 21 Rhan (nau) 4 a 5 o Atodlen 12A
o Ddeddf Llywodraeth Leol 1972.

Mynediad Cyfyngedig i'r Ddogfen

Mae'r dudalen hon yn wag yn fwriadol

Yn rhinwedd paragraff (au) 14, 16, 21 Rhan (nau) 4 a 5 o Atodlen 12A
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Mae'r dudalen hon yn wag yn fwriadol

**CYNGOR CAERDYDD
CARDIFF COUNCIL****ECONOMY & CULTURE SCRUTINY COMMITTEE****13 JULY 2021**

CORRESPONDENCE REPORT

Background

1. Following most Committee meetings, the Chair writes a letter to the relevant Cabinet Member or officer, summing up the Committee's comments and recommendations regarding the issues considered.
2. At the Committee meeting on 14 June 2021, Members received a report detailing the correspondence sent and received up to that meeting. Correspondence was sent following that meeting and the current position is set out below:
 - i. *Response Received* – from Councillor Goodway to the Chair's letter following pre-decision scrutiny of '*Llanrumney Regeneration*'.
 - ii. *Response Awaited* – from Councillor Goodway to the Chair's letter following pre-decision scrutiny of '*Canal Quarter Regeneration*';
 - iii. *Response Awaited* – from Councillor Thomas to the Chair's confidential letter following pre-decision scrutiny of '*Levelling-Up Fund and Community Renewal Fund Applications*'
 - iv. *No Response Required* – from Councillor Wild to the Chair's letter following pre-decision scrutiny of '*City Centre Next Steps – Castle Street and City Centre East (Phase 1 + Canal)*'
3. Copies of the public Chair's letters and responses received can be found on the Council's website page for the relevant Committee meeting, with a hyperlink provided at the top of the page, entitled '*correspondence following the committee meeting*'. Copies of confidential letters have been shared with Committee Members, on a confidential basis.

Way Forward

4. During their meeting, Members will have the opportunity to reflect on the correspondence update.

Legal Implications

5. 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

6. 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. 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.

RECOMMENDATION

The Committee is recommended to reflect on the update on committee correspondence.

Davina Fiore

Director - Governance and Legal Services

7 July 2021

Mae'r dudalen hon yn wag yn fwriadol