

CYNGOR CAERDYDD
CARDIFF COUNCIL

JOINT COMMITTEE OF ECONOMY & CULTURE SCRUTINY COMMITTEE AND
ENVIRONMENTAL SCRUTINY COMMITTEE

18 JULY 2017

PRE DECISION SCRUTINY OF: FUNDING THE NEW BUS TRANSPORT
INTERCHANGE

Appendices 2, 3, 4, 5 and 7 to Appendix A of this report are exempt from publication because they contain information of the kind described in paragraphs 14 and 21 of parts 4 and 5 of Schedule 12A to 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. To give Members information to aid the pre-decision scrutiny of the draft report to Cabinet entitled 'Funding the New Bus Transport Interchange'. This information includes:
 - a. How to deal appropriately with the confidential information provided;
 - b. Scope of scrutiny;
 - c. Meeting structure;
 - d. Background information on the Central Square transport interchange; and
 - e. Key Lines of Enquiry.
2. Officers have advised that the draft report to Cabinet is not available to go out with this report. It is marked 'to follow' as **Appendix A** and will be circulated to Committee Members on Friday 14th July 2017.
3. Members should note that **Appendices 2, 3, 4, 5 and 7** of the report to follow as **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.

Scope of Scrutiny

4. The Cabinet is to consider a report and recommendations regarding financing the Central Square transport interchange at their meeting on 27 July 2017. During this scrutiny, Members have the opportunity to explore:
 - a. Financial assumptions made in the report;
 - b. Whether there are any risks to the Council;
 - c. The timeline for delivering the transport interchange;
 - d. The recommendations to Cabinet.

5. The Central Square transport interchange received planning permission 1st March 2017. This means that the design of the building and associated area has already been agreed and is therefore not within the scope of this scrutiny¹.

Structure of the meeting

6. The meeting will be 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 2, 3, 4, 5 and 7** of the Cabinet report attached at **Appendix A**.

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, 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.

¹ The design and layout of the transport interchange has already been scrutinised during 2016/17 by a joint task group of the Economy & Culture and Environmental Scrutiny Committees.

Background

9. The Central Square Regeneration Scheme aims to deliver a brand new high quality mixed-use urban gateway to the capital city and a modernised central transport hub. The scheme will deliver over 1 million sq. ft. of high quality office-led mixed-use development, with the potential to accommodate up to 10,000 jobs.
10. 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. Officers have worked in partnership with Rightacres Property Co Ltd. and Legal & General Pension Fund to progress the scheme.
11. A map of the Central Square site is attached at **Appendix B**, showing the following:
 - a. Site A – 1, Central Square – fully let to Blake Morgan, Hodge Bank, s3 advertising, eSpark and Moto Nova
 - b. Site B – BBC Cymru Wales HQ
 - c. Site C – 2, Central Square – fully let to Hugh James and Cardiff University (School of Journalism)
 - d. Site D – Transport Interchange
 - e. Site E - Government Property Unit – relocation of HMRC
 - f. Site F - optioned for Government Property Unit
 - g. Site G - Public Realm.
12. On 1st March 2017, planning permission was granted for Site D, a mixed-use development covering 250,000 sq. ft., including a new bus interchange. The development has been designed by Foster + Partners and includes:
 - a. 120,000 sq. ft. of Grade A* offices
 - b. 195 private rented sector residential units
 - c. A new bus interchange
 - d. Circa 10,000 sq. ft. retail space.

13. The Council has been negotiating a funding proposal for Site D, with Rightacres Property Co Ltd., for delivery of the new bus interchange aspect of the mixed-use development. A report to Cabinet on 16th March 2017 stated that:

'The Council is seeking to secure delivery of the bus interchange within the financial envelope of existing capital allocations.'

14. The *'financial envelope of existing capital allocations'* consists of capital receipts, obtained from the sale of land and/ or long lease options, and section 106 planning developer contributions. Further details are provided as confidential information in **Appendix 3 of Appendix A**. Members are reminded of their responsibility to keep this information confidential and to not ask questions on this, or quote from it, until the meeting is in closed session.

15. The Cabinet set out their commitments for Cardiff in their document 'Capital Ambition', which was agreed at their meeting on 6th July 2017. This includes a commitment to deliver *'a new transport interchange which will be at the heart of the Cardiff Metro.'*

Key Lines of Enquiry

16. 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 whether the report to Cabinet clearly sets out how any issues identified will be addressed;
- c. check the financial implications section of the Cabinet report to be aware of the advice given;
- d. check the legal implications section of the Cabinet report to be aware of the advice given.

17. Members have the opportunity to explore issues relating to the financing of the transport interchange, 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;
 - d. The timeline for delivering the transport interchange; and
 - e. The recommendations to Cabinet.

18. Members are reminded that they are able to contact Scrutiny Services to discuss any queries they may have regarding their scrutiny of this item.

Previous Scrutiny

19. In 2014/15, the Economy & Culture and Environmental Scrutiny Committee established a joint task group to scrutinise proposals for a transport interchange. Seven meetings on specific themes were held from 2014-2017, with letters and recommendations submitted to the relevant Cabinet Members and Directors after each meeting.

20. The last meeting was held in September 2016 to consider the design scheme and funding options for the Interchange building. Cllr McKerlich, then Chair of the Economy and Culture Scrutiny Committee wrote to Cllr Patel, then the Cabinet Member - Transport, Planning & Sustainability, stating that Members welcomed the design proposals and highlighting the importance of potential risks and rewards being fully quantified in order for the right decision to be made for Cardiff. His letter also noted that consideration was being given to income generation opportunities for the Council, with the caveat that these would come with varying levels of risk.

21. In March 2017, the Economy & Culture Scrutiny Committee carried out pre-decision scrutiny of further proposals for Central Square that had an impact on the transport interchange. The information presented to the Committee was mostly confidential information. Members of the Committee endorsed the recommendations to Cabinet.

Way Forward

22. The item will commence in open session, with Councillor Russell Goodway (Cabinet Member – Investment and Development) being invited to make a statement. Neil Hanratty (Director of Economic Development) will give a presentation taking Members through the proposals. Members will be able to ask questions on the papers in the public domain.
23. The meeting will then go into closed session, with members of the public excluded, in order to consider the confidential information provided in **Appendices 2, 3, 4, 5 and 7 of Appendix A**. Once Members have asked all their questions on this information, the meeting will re-open to the public.

Legal 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 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

25. 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

26. The Committee is recommended to:

- a. consider the information provided in the report, appendices and at the meeting;
- b. decide whether they would like to make any comments to the Cabinet on this matter in time for its meeting on 27 July 2017; and
- c. decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance and Legal Services

17 July 2017