

**CABINET MEETING:**

**October 2019**

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## **CARDIFF EAST INDUSTRIAL STRATEGY**

**INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)**

**AGENDA ITEM:**

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### **PORTFOLIO: INVESTMENT & DEVELOPMENT**

#### **Reason for this Report**

1. To obtain approval of the East Cardiff Industrial Strategy and to consider the next steps for implementing a spatial strategy for the east of the city.
2. To consider the potential support for the Cardiff Parkway development in line with the Council's recently approved Economic Strategy.

#### **Background**

3. Capital Ambition, includes a commitment to *"launch a new Industrial Strategy for East Cardiff, aligned to the completion of the Eastern Bay Link"*.
4. The Council's Corporate Plan includes a priority to *"Deliver an Industrial Strategy for Cardiff East, which will support the progression of the Cardiff Parkway development."*
5. The Administration's Economic Strategy, adopted in April 2019, also includes a commitment to publish an East Cardiff Development Strategy. In particular, the Strategy notes that *"We will bring forward a new East Cardiff Development Strategy that will comprise the coastal areas to the East of the city."* The Economic Strategy also states *"Working with partners to deliver a new Cardiff Parkway Station at St Mellons."* Subsequently, work has been undertaken to develop a new strategy for the East of the city that reflects the need to improve economic outcomes for its residents.

## Issues

6. Economic outcomes in the east of the city lag behind the rest of Cardiff. Unemployment rates are significantly higher, as are levels of deprivation as measured by the Welsh Index of Multiple Deprivation.
7. Analysis of Cardiff by Neighbourhood Partnership area shows that in Cardiff East almost 44% of the areas of analysis fall within the 10% most deprived areas in Wales. In simple terms this means that residents of Cardiff East are over four times more likely to live in one of Wales most deprived areas than the national average.

### WIMD 2014 Overall Index – Neighbourhood Partnership Areas

	10% Most Deprived area in Wales
Cardiff East	43.5%
Cardiff South West	41.2%
Cardiff South East	19.4%
City & Cardiff South	8.7%
Cardiff West	5.1%
Cardiff North	3.4%
Cardiff	17.3%

Source: Wales Index of Multiple Deprivation / Cardiff Research Centre

8. Residents of Cardiff East also suffer from levels of unemployment a third higher than the rest of the city. Indeed, if the unemployment rate in East Cardiff mirrored the rest of the city there would be an additional 500 residents in the area in employment.

### Claimant Rate April 2019

	East Cardiff Wards	Rest of Cardiff
Claimant count	2,070	4,760
Claimants as a proportion of residents aged 16-64	3.6	2.7

Source: Nomis

9. In addition, the area has suffered from a lack of investment in comparison with other areas of the city. This is exemplified by the fact that the Eastern Bay Link remains incomplete. Historical under-investment has also meant that Cardiff Bay Station in Cardiff remains the train station that is furthest east in the city. Consequently, much of the east of the city suffers from poor access, especially by public transport.
10. Furthermore, whilst there has been some commercial development there has been no specific development strategy for the area. Although some development has occurred, economic growth has been hampered by natural barriers which hinder access to employment sites, most notably

the mainline rail-line that bisects the industrial and residential areas of East Cardiff.

11. In order to address these issues work had been undertaken to develop a cohesive economic vision for the east of the city, focussing primarily on its potential as a location for industry. The work is also predicated on the potential and anticipated investments for the area, including the Cardiff Parkway development and the potential investment in the expanded Eastern Bay Link.

12. An initial visioning study reviewed Government and Council policies, and consulted widely with key business stakeholders, landowners, developers and academic institutions, who contributed to shaping thinking on the strengths, weaknesses, threats, opportunities challenges faced by the area. The study suggested that a Cardiff East Industrial Strategy should consider the following elements:

**Short-Term Action Plan** - This should focus on four geographical areas that aggregate the economic cluster activities and provides the basis for partnership working with Welsh Government. The partnership could be exemplars that could attract UK Government funding and private sector investment.

**Medium Term Strategy** - This should be sustainable and resilient and maintain the momentum established under the short-term action plan above.

**Longer Term Strategy** - This should be in the context of an overall strategy based on the above short and medium term strategies and should evolve and adapt to the future direction of industry.

13. Following the completion of this study further work was commissioned to explore how an East Cardiff Spatial Strategy (attached as Appendix A) could be delivered. In particular, this further study looked at the potential of land in the east Cardiff area and how the findings of the initial consultation could be realised. The East Cardiff Spatial Strategy is attached as Appendix 1.

14. The strategy analysed in more detail the current constraints and context of the East Cardiff area, including an analysis of current employment allocations, social infrastructure, economic deprivation, landscape and environmental designations, transport links, heritage, and other key physical constraints. In addition, the Future Generations and Wellbeing Act was noted as a further consideration for the development of any strategy.

15. The study identifies three phases of growth for the area. The phases focus on key developments and the strategic interventions required to support employment growth in the area. The phases are not mutually exclusive and elements of each phase can be delivered concurrently. However, the level of infrastructure investment required to unlock

development suggests that certain opportunities may take longer to deliver than others.

16. It is also important to note that the phases represent a high-level indicative vision. The phases have no formal status and any issues that would need to be considered, such as planning or environmental mitigation, would need to be considered on a case-by-case basis. Critically, the Strategy is not a Planning Policy document. Any projects or proposals without current approvals or delegations to proceed would also need to be considered on an individual basis before they can progress.
17. Each phase is outlined in detail in the report. However in summary they include:
18. Phase 1 – Filling in the gaps - Expanding from Lamby Way to the east, outlines the lowest scale of development, focussing on infill between existing employment land and remediation of landfill sites. This scenario represents the immediate response in delivering the strategy and would not require significant work to progress. Fundamentally the majority of this scenario is supported by the current Local Development Plan and land allocations. It would also be based on the enhancement of the current highway network rather than any significant new development. Progressing the scenario however may require an element of land assembly.
19. Phase 2 – Expanding to the South, suggests an increased scale of development including land to the south of Wentloog Avenue, land at Pengam Moor and minor development at Trowbridge Mawr. It also proposes development of new highway links between Rover Way and A48M/A48. It should be noted that much of this scenario would require further consideration in terms of planning and the detail of any transport links, as well as understanding how any new development could be resourced.
20. Phase 3 – Optimising the opportunity, outlines the potential to develop across all available land south of the railway and with land reconfiguration at Trowbridge Mawr. It also proposes a major new highway link between Rover Way and A48M/A48.
21. All phases will require supporting infrastructure to be put in place, including:
  - Environmental enhancements
  - Flood protection
  - Active travel and public transport improvements
  - Remediation works
  - Increasing capacity of the existing utilities network
22. Transport improvements are a key theme of the strategy. East Cardiff continues to suffer from the long-term non-completion of the Eastern Bay Link which creates congestion in existing communities. The Council and Welsh Government are currently considering improvements to flood

protection arrangements along the coastline in East Cardiff. There is significant potential for flood protection investment to also deliver major improvements to the arterial road network in the area.

23. In addition, East Cardiff suffers from a complete absence of accessible rail infrastructure with Cardiff Bay Station providing the most easterly station on the Cardiff rail network. There is significant potential to enhance access to rail through the exploitation of the now largely redundant relief lines that were previously used to service the Steel Works in East Cardiff. This opportunity has been recognised by Welsh Government and Transport for Wales, and has recently resulted in the announcement that a new station will be provided at Rover Way as part of the later phases of the current South Wales Metro programme.
24. The report also notes that enhanced green infrastructure has significant potential to bring widespread benefits to Cardiff East, in line with both the Wellbeing of Future Generations Act and the Cardiff Well-Being Plan.
25. In particular, the Council wishes to establish clear policy support for 'green' energy initiatives in the area building on the economic potential of green industries outlined in the strategy. Given the existing industrial legacy, current and future investment proposals, including energy proposals, that cannot demonstrate strong green credentials will not be supported by the Council for development in this area.
26. In addition, the report also noted that given the current high levels of deprivation and socioeconomic issues across east Cardiff, there is significant need to widen the influence of the economic strategy. Investment can benefit those living in and visiting the area as well as those employed there. It suggests that specific socio-economic improvements could include:
  - Stronger links between education providers, community hubs/learning centres and employers to build skills in the future workforce, building on the Cardiff Commitment.
  - New and improved cross-area active travel links allowing access to work and skills development and linking staff to social infrastructure, open space and local retail facilities, supporting the local economy. Links may double as recreational routes and safe routes to schools.
27. Delivering environmental improvements and better access arrangements for existing communities is an important aspect of the strategy. In particular, the strategy aims to ensure that residents of existing communities in the East of Cardiff have better access to new job opportunities on their doorstep. A key project in this regard is the proposed new bridge linking the Llanrumney community to the A48 to provide improved public transport connectivity. A report will be presented to Cabinet in November setting out the plan for delivery of the bridge including wider regeneration initiatives and amenities in the Llanrumney area.

28. In conclusion, the Strategy notes that
- A coordinated approach to development is required to develop a balanced and sustainable community and maximise benefits, both for business and for other stakeholders.
  - Significant multi-modal improvements are needed to the movement infrastructure to facilitate access to work, access to services and movement of goods.
  - Previously developed land has potential for sustainable reuse, particularly for renewable energy generation.
  - The natural setting of Cardiff East is a vastly underused resource that could bring major benefits to the area and wider city region. Improving access to the coastline should be a priority move, creating a Cardiff Coastal Greenway.
  - Non-spatial policies should be developed to support the physical growth and change, including further coordination of workplaces with education and skills providers.
29. The report also recommends that a multi-disciplinary officer working group is established to take forward a framework and delivery plan for the Spatial Strategy.

### **Special Economic Zones**

30. The strategy sets out the need for substantial investment in infrastructure in order to realise economic opportunity. This normally places a significant burden on the public purse. The Council is keen to explore new, innovative funding mechanisms such as Tax Increment Financing where the beneficiaries which take advantage of betterment from economic growth to fund infrastructure investment. There is also scope to explore the potential of the adjacent seabed and waterfront to attract trade related investment such as new 'freeport' type facilities.

### **Cardiff Parkway**

31. The East Cardiff Spatial Strategy clearly outlines the importance of Cardiff Parkway as an anchor project. The project comprises both a new mainline railway station and high quality business park. The commercial offer seeks to provide a lower density 'campus style' environment to complement the higher density city centre offer, and ensure that Cardiff can offer an adequate range and choice of premises for business.
32. The Parkway station itself will also be a major addition to the South Wales Metro, serving commuting traffic into Cardiff from the north east of the city, as well as supporting the city's transport infrastructure on major event days.

33. Critical to the success of Parkway is ensuring that there is adequate investment in public infrastructure to provide access by road and active travel measures to both the rail station and the business park. In particular, a significant improvement is required to the road network to unlock the potential of the site.
34. Given the scale of the development there will be a funding requirement to invest in the necessary public infrastructure. As a result, the project sponsor has made contact with the Cardiff Capital Region City Deal to consider the use of the City Deal Investment Framework (which includes infrastructure as an investment priority) to support the required investment.
35. The City Deal Investment Framework also outlines that infrastructure investment levers include looking at new fiscal policy means. Subsequently exploratory work has been undertaken to consider the use of Tax Increment Finance to support infrastructure investment for Cardiff Parkway. This approach would be predicated on using the future business rates income for the site to finance investment in supporting infrastructure. It is proposed that the Council support the project sponsor in exploring the use of Tax Increment Finance with the Cardiff Capital Region City Deal to support the required infrastructure investment.
36. It is anticipated that a planning application for the development of the new train station will be submitted in the spring 2020 with construction expected to be completed and operational by 2023. The broader development will be delivered over a ten-year period.

### **Partnership Working**

37. There is considerable public sector ownership in and around East Cardiff. As outlined in the East Cardiff Spatial Strategy, Cardiff Council also holds significant land interests in the area. It is proposed to seek to consolidate public owned land to ensure public partners are working collaboratively to accelerate growth and deliver improved economic outcomes for the area.

### **Next Steps**

38. The Spatial Strategy provides an outline and vision for future development. Any and all projects outlined in the report outside of any current delegations would be subject to the usual approval processes.
39. The Strategy concludes that the next stage of work should be shaped by establishing a cross-disciplinary working group. It is recommended that this comprises a Council officer working group, reporting to a Cabinet sub-committee, to develop a delivery strategy which considers land assembly and acquisitions, phased delivery, funding, and develops a business case for public sector investment (including public transport, highway and infrastructure improvements). Further consultation and stakeholder engagement would also be required, especially with local members, in determining any detailed plans.

40. As an immediate response, it is proposed that Scenario 1 forms the basis of the Council's initial consideration of the East Cardiff area. It is recognised that there is an urgent need to respond to the economic issues outlined in this report and therefore a strategy based on current land allocations and funded infrastructure improvements is considered a prudent approach to providing initial momentum in delivering the strategy.
41. Any further consideration of Scenarios 2 and 3 set out above would require significant further work as well as co-ordination with partners to provide a detailed and deliverable plan for the area. Both scenarios however should be noted for the potential they offer to develop the area.

### **Reason for Recommendations**

42. To note the East Cardiff Industrial Strategy and to delegate authority to the Director of Economic Development, in consultation with the Cabinet Member, Investment & Development, to progress with initial allocations.
43. To endorse the exploration of Tax Increment Finance, in conjunction with the Cardiff Capital Region, to support the necessary infrastructure investment.

### **Financial Implications**

44. The Cardiff Industrial Strategy contains a set of recommendations which will have financial consequences at a point when the implementation of said strategy is undertaken. The delivery of Scenario 1 will potentially require proposals for acquiring and / or disposing of land and these proposals will need to consider value for money, affordability, funding sources and any tax implications

### **Legal Implications (including Equality Impact Assessment where appropriate)**

45. As and when individual proposals within the Strategy are developed legal advice should be obtained.
46. As set out in the body of the report the Strategy has no status as a Council Planning Policy document.
47. With regards any procurement in relation to any development works and generally, further advice should be sought as necessary and be carried out in accordance with the Contract Procedure Rules and EU procurement regulations (as applicable).
48. The report refers to consultation and stakeholder engagement in determining any detailed plans for the area. Consultation gives rise to the legitimate expectation that the outcome of the consultation will be duly considered when subsequent decisions are made.



49. 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 and the report deals with all these obligations. The Council has to consider the Well-being of Future Generations (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.
50. 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.
51. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The well being objectives are set out in Cardiff's Corporate Plan 2019-22: <https://www.cardiff.gov.uk/ENG/Your-Council/Strategies-plans-and-policies/Corporate-Plan/Pages/Corporate-Plan.aspx>. When exercising its functions, the Council is required to take all reasonable steps to meet its well being objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the well being objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
52. The well being duty also requires the Council to act in accordance with a '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 compromising 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 integrated 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
53. 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>
54. The Council must also satisfy its public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties) – the Public Sector Equality Duties (PSED). These duties require the Council to 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.

- 55. Section 17 of the Crime and Disorder Act 1998 also imposes a general duty on the Council, when exercising its functions, to take account of community safety dimension, with a view to reduce local crime and disorder in its area.
- 56. The Council must also have regard to its duties under The Active Travel (Wales) Act 2013.

**RECOMMENDATIONS**

Cabinet are recommended to:

- I. Approve the East Cardiff Industrial Strategy.
- II. Delegate authority to the Director of Economic Development, in consultation with the Cabinet Member for Investment and Development, the Monitoring Officer and the Section 151 officer to develop opportunities on Council owned land, including marketing land for disposal and to return to Cabinet as appropriate.
- III. To request the Leader of the Council and the Chief Executive to promote an application to the Cardiff Capital Region for an investment in the Cardiff Parkway project.

<b>SENIOR RESPONSIBLE OFFICER</b>	<b>Neil Hanratty Director of Economic Development</b>
	<b>Date</b>

*The following appendices are attached:*

*Appendix 1: Cardiff East Spatial Strategy*

