

**VELODROME AND INTERNATIONAL SPORTS VILLAGE DEVELOPMENT
STRATEGY: PRE-DECISION SCRUTINY**

Appendices 2-6 of the Cabinet Report attached at Appendix A are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.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 provide Members with background information to assist pre-decision scrutiny of the draft report to Cabinet titled '*Velodrome and International Sports Village Development Strategy*', to be considered by Cabinet at their meeting on 18 March 2021.
2. Members should note that **Appendices 2-6** 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 18 March 2021, the Cabinet will consider a report seeking:
 - i) approval for a new masterplan for the leisure component of the International Sports Village (ISV);
 - ii) authority to develop a detailed business case for completing the leisure attraction at ISV, including a soft-market testing exercise
 - iii) in principle approval for plans for a velodrome in the ISV;
 - iv) authority to develop a velodrome detailed business case, procure advisors and contractors and develop a planning application.

4. During this scrutiny, Members have the opportunity to:
 - i) Undertake pre-decision scrutiny of the report to Cabinet on the Velodrome and International Sports Village Development Strategy;
 - ii) Explore with witnesses key factors shaping proposals and the fit between these and the wider Cardiff Bay regeneration plans;
 - iii) Test the financial and legal implications for the Council and any risks to the Council;
 - iv) Gain an understanding of the next steps and timelines involved; and
 - v) Test 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 2-6**.
6. Members will hear from Councillor Russell Goodway (Cabinet Member – Investment and Development), Neil Hanratty (Director of Economic Development), Chris Barnett (Operational Manager – Major Projects) and Jo Phillips (Project Manager). There will be a presentation taking Members through the proposals and recommendations to Cabinet, followed by Members questions.
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 2001, the administration's 'Ambitions for Cardiff' strategy document contained a commitment to "*progress the development of the £240m International Sports Village as the centre piece of Cardiff's plans to become a regional capital of sporting excellence*". The commitment to this project was reiterated in the Ambitions for Cardiff 2002-03 as "*progress the development of the International Sports Village as the centrepiece of Cardiff's plans to become a European Sports/Leisure destination*".

9. As part of the regeneration project, the Council acquired ownership of tranches of land on the ISV site, which remain in Council ownership. Since then, a mixture of public and private sector investment has resulted in the following developments:

- i) Cardiff International Swimming Pool
- ii) Cardiff International White Water Centre
- iii) Ice Arena Wales
- iv) Residential and Retail developments
- v) Pont y Werin Bridge.

10. In 2012, the Council signed a Development Agreement with Greenbank Partnership Ltd (GPL)¹ to construct a new Ice Arena and undertake work to secure a Snow Dome or equivalent alternative leisure facility, with the release of the Council-owned Waterfront site for mixed-use development.

11. In July 2017, the Council's new Administration set out a policy programme and associated delivery commitments in the Capital Ambition five-year plan. This contains a commitment to '*Set a refreshed vision for Cardiff Bay as a leisure destination, by securing a new visitor attraction, with the possible creation of a permanent "beach style" facility and revitalising the strategy for the International Sports Village.*'

12. Since then, the Council has had a dialogue with GPL regarding the next stages of ISV development. The global financial 'crash' and consequent impacts on property markets translated into localised delays in the roll-out of the Cardiff Pointe development; the Council responded by providing GPL with an extension to the Development Agreement timeline. In 2019, GPL informed the Council that they were entering a Joint Venture with a new development partner to complete Cardiff Pointe.

13. In March 2018, Cabinet provided authority for the Council to acquire 4.32 acres of land on the former Toys R Us retail building including a large service yard and

¹ GPL are the owners and developers of the adjacent Cardiff Pointe site and signed a Development Agreement with Cardiff Council, in 2012, to construct a new Ice Arena and undertake work to secure a Snow Dome or equivalent alternative leisure facility

circa 300 car parking spaces. The rationale for the acquisition was to improve the development potential of the Council's adjoining land holding known as Retail 3.

14. In October 2019, Cabinet approved a revised development strategy for the ISV, including considering land ownership, future operating models and appropriate procurement processes to develop these.

15. The draft report to Cabinet titled '*Velodrome and International Sports Village Development Strategy*', is attached at **Appendix A** and has **six** appendices:

- Appendix 1 - Site Plan
- Confidential Appendix 2 - Velodrome Programme
- Confidential Appendix 3 – ISV Stage 1-2 Feasibility Study
- Confidential Appendix 4 – Financial Summary
- Confidential Appendix 5 – ISV Master-plan
- Confidential Appendix 6 – Tax Advice (March 21).

Issues identified in the Cabinet Report

16. The report to Cabinet provides details regarding:

- i) the existing development agreement with GPL
- ii) the development of a velodrome at the ISV
- iii) the new development strategy
- iv) the proposed transport strategy, and
- v) the delivery strategy.

Development Agreement with GPL

17. **Point 12** sets out:

- i) GPL Cardiff Pointe development requires completion
- ii) The Council is in the process of negotiating a land transaction with GPL, with final details to be brought back to Cabinet for approval.

Velodrome

18. Delivery of the new Cathays High School presents an opportunity to relocate and improve the velodrome. **Points 13-18** of the report to Cabinet propose a new, replacement velodrome at ISV and the report seeks in principle approval for plans for this and delegated authority to:

- i) progress a final business case and
- ii) appoint professional advisors, procure a contractor and develop a planning application.

19. The costs of relocating the track would be met using School Organisation Programme monies. The costs of providing storage, workshops and welfare facilities would be met using revenues generated by the facilities.

20. A further report will be brought to Cabinet for approval of the final business case, costs and funding solutions. **Confidential Appendix 2** provides details of the proposed velodrome programme and **Confidential Appendices 3 and 4** provide details re costs.

New Development Strategy

21. **Points 19-22** set out the proposed development strategy, including:

- i) Use the waterfront site for mainly residential development, with the ground floor being used for food and beverage outlets;
- ii) Cluster new leisure development around existing facilities to the rear of the site;
- iii) Changes to Olympian Drive, the removal of the roundabout on Watkiss Way and a new road linking Cardiff Pointe to International Drive and Ferry Road;
- iv) Utilising the Toys R Us building for commercial retail;
- v) Consolidation of surface car parking to be replaced longer term with a multi-storey car park;
- vi) A 333m velodrome with associated facilities;
- vii) A 1km closed-loop circuit for cyclists, runners and scooters; and
- viii) Retention of the Bay edge walkway for public use;
- ix) Improve biodiversity through public realm improvement including planting trees, introduction of pocket parks and the general greening of the area.

22. The report to Cabinet highlights that there is potential for other developments, including a hotel, possible extension of the Ice Arena and repositioning the entrance to the CIWW.

23. The report to Cabinet seeks approval for the new masterplan for the leisure component of the International Sports Village (ISV).

24. **Confidential Appendix 5** contains further details of the proposed site masterplan.

Transport Strategy

25. At **points 23-27**, the report to Cabinet states the Council will explore the use of the site as a Park & Ride destination and explore the possibility for a new water-taxi landing bay. The report states that the proposed bridge that forms part of the Channel View redevelopment will improve cycling access across the River Taff. The report also states that current contracts require provision of a set number of car parking spaces for existing facilities; future facilities will add to this.

Delivery Strategy

26. At **points 28-31**, the report to Cabinet states that the proposals have anticipated costs circa £20million, with initial appraisals indicating they can be funded on a commercial basis. The report is clear that, at this stage, the Council is only committing to delivery of the velodrome, with authority being sought to develop the business case for the remaining development. Preparation of the business case will include a soft-market exercise to test interest in operating the site. The report states that the ISV car parks' revenue is central to the business plan.

Waterfront Site

27. **Point 32** sets out that it is intended to return to Cabinet in spring/ early summer with a final proposal to conclude the 2012 Development Agreement with GPL and enable future development to proceed.

28. **Financial Implications** are set out in **Points 34-42** and include:

- i) That more detailed financial implications will be provided when detailed proposals are brought to Cabinet;
- ii) Proposals brought forward must be self-financing utilising capital receipts and s106 contributions, as there is no specific funding in the budgetary framework for the redevelopment of the ISV;
- iii) The majority of proposed costs for the Velodrome and wider development are supported by an independent development appraisal, contained in **Confidential Appendix 4**. These will be tested further when a Final Business Case is brought to Cabinet;
- iv) To minimise the risk of financial implications, the delivery programme for the velodrome will need to be proactively managed, reviewed and closely monitored;
- v) No suitable funding source has been identified to cover the costs for preparing a business case and conducting a soft market testing exercise;
- vi) Careful consideration needs to be given to the VAT implications of proposals and further detailed VAT advice on specific proposals will need to be taken into account during decision making;
- vii) The new development strategy will result in the Council not recovering the original capital receipts used to acquire the Toys R Us site, thus reducing the amount available for other regeneration projects.

29. Legal Implications are at **Points 43-53** and include:

- i) For property transactions, the Council needs to comply with its acquisition of and disposal of land rules and procedures, including seeking advice of its qualified valuer;
- ii) For procurement, the Council is required to follow its internal contract standing orders and procurement rules, together with statutory requirements;
- iii) Detailed legal consideration, including wider considerations such as Equality duties, will need to be provided in relation to proposals in further reports, including an Equality Impact Assessment;

- iv) The Cabinet needs to take account of the Council's fiduciary duties to local residents and taxpayers, giving proper consideration to the risks, rewards and potential future liabilities of proposals;
- v) Decisions about the recommendations need to be made in the context of the Council's public sector equality duties and duties arising from the Equality Act 2010, the Well-Being of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and Welsh Language Standards;
- vi) the proposals need to be within the policy and budgetary framework of the Council; otherwise, the proposals must be referred to Council.

30. **Property Implications**, at **Point 54**, state that there are no specific property implications in respect of this report as the Council is only committing to delivery of the velodrome track facility, and authority is not being sought to deliver any other aspect of the masterplan.

Proposed Recommendations to Cabinet

31. The report to Cabinet contains the following recommendations:

- (i) Approve the new masterplan to complete the leisure attraction at the International Sports Village attached at Appendix 5.*
- (ii) Approve in principle the plans for the new Velodrome at the International Sports Village and delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to prepare a detailed business case including the appointment of professional advisors, procurement of a contractor and the development of a planning application to be presented back to a future meeting of Cabinet for final approval before entering contracts.*
- (iii) Delegate authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to prepare a detailed business case for completing the leisure attraction at the International Sports Village as set out in the masterplan at Appendix 5 and the development appraisal at Confidential Appendix 4, including undertaking a soft-market testing exercise relating*

to the future operation of the site, and to return to a future meeting of Cabinet for final approval.

Previous Scrutiny

32. In March 2018, this Committee undertook pre-decision scrutiny of a report to Cabinet re International Sports Village, with confidential information in the appendices. In the resulting Chair's letter² Members highlighted:

'Members wish to undertake further scrutiny of the proposals for revitalising the ISV, as these come forward... We look forward to these including details on proposed improvements to pedestrian and cycle routes in the Bay, thus enhancing the visitor and resident experience.'

33. At their Committee meeting on 8 November 2018, Members scrutinised a report to Cabinet regarding land at Harbour Drive. Following their scrutiny, the Chair, Councillor Nigel Howells, wrote to Councillor Russell Goodway, Cabinet Member- Investment & Development, stating³:

'Members are supportive of the proposal to purchase land in order to protect the Bay edge for leisure use and to provide opportunities for appropriate investment to enhance further the amenity of Cardiff Bay. Members are reassured to hear that officers are working on an overall Cardiff Bay masterplan, which will include this site.'

34. In October 2019, this Committee undertook pre-decision scrutiny of a report to Cabinet titled '*International Sports Village Development Strategy*'. Following their scrutiny, the Chair, Councillor Nigel Howells, wrote to Councillor Russell Goodway, Cabinet Member- Investment & Development, stating⁴:

- i) Overall, Members recognise *'the need to utilise a pragmatic strategy to finish the ISV and ensure benefits to the surrounding communities and across Cardiff and the region'*
- ii) *'it is critical that we apply the lessons learnt from earlier schemes regarding how best to build a sense of place and a sense of*

² Letter from Cllr Howells, Chair Economy & Culture Scrutiny Committee, to Cllr Goodway, Cabinet Member Investment & Development, dated 9 November 2018.

⁴ Extracts taken from letter from Cllr Howells, Chair Economy & Culture Scrutiny Committee, to Cllr Goodway, Cabinet Member Investment & Development, dated 4 October 2019.

community...how to best factor in appropriate, open spaces for residents to meet and interact; at the meeting, ideas mentioned included pocket parks and community buildings. Members were pleased to hear assurances that trees and greenery would be part of the development'

- iii) 'Members recognise the need to enhance the leisure offer and believe that adventure tourism products will bring economic benefits to the area; the need to boost the transport infrastructure is appreciated and Members are pleased that public and active transport infrastructure are highlighted for improvement and enhancement.'*

35. At their meeting on 10 October 2019, Cabinet approved the new development strategy and delegated authority to the Director of Economic Development in consultation with the Cabinet Member for Investment & Development and statutory officers to:

- i) bring forward the development of the Waterfront site including disposal of land as required and to ring-fence any capital receipt in accordance with the financial strategy outlined in Confidential Appendix 4 and subject to an independent valuation as necessary
- ii) deal with all aspects of the procurement of a commercial partner to establish and operate a new leisure attraction at the International Sports Village as set out in this report and to return to Cabinet for final approval
- iii) include the external operation of the CIWW as part of the procurement process in accordance with the strategy set out in this report and to return to Cabinet for final approval.

Way Forward

36. 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 Phillips (Project Manager) will attend to give a presentation and answer Members' questions on the proposals.

37. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendices 2-6**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

38. 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

39. 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 18 March 2021; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

10 March 2021