

CABINET MEETING:

18 March 2021

**VELODROME & INTERNATIONAL SPORTS VILLAGE
DEVELOPMENT STRATEGY**

INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)

AGENDA ITEM:

PORTFOLIO: INVESTMENT & DEVELOPMENT

Appendices 2 to 6 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.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 seek approval of a revised masterplan for the leisure component of the International Sports Village (ISV) development in Cardiff Bay.
2. To seek authority to develop a detailed delivery strategy including consideration of the long-term operation of the various leisure facilities at ISV.
3. To set out a plan for delivery of a new Velodrome facility at ISV.

Background

4. The Council commenced the redevelopment of the peninsula site known as the International Sports Village in Cardiff Bay, in 1999. The site has proven to be a complex long-term project involving extensive land reclamation and remediation works and significant infrastructure investment. The Cardiff Pointe residential site was sold by the Council to fund the replacement for the Empire Pool, which needed to be demolished to make way for the construction of the Principality Stadium, and was later acquired by Greenbank Partnerships Ltd in 2010.
5. The Council completed construction of the new Cardiff International Pool in 2008 and the Cardiff International White Water (CIWW) attraction in 2010. CIWW has subsequently enhanced with a Flowrider surfing attraction, a High-Ropes experience, and an outdoor climbing wall. The Council also disposed

of its leasehold interest in circa 4 acres of land off Olympian Drive to enable construction of a new 40,000 sq ft retail warehouse building to enable the relocation of Toys R Us out of the city centre to make way for delivery of the St David's 2 shopping centre. Appendix 1 provides a plan of the site and an illustration of the development that has been delivered to date.

6. In 2012, the Council entered into a long-term Development Agreement with Greenbank Partnership Limited (GPL) following a market procurement exercise. GPL put forward an exciting and comprehensive strategy for the redevelopment of the peninsula site covering their own Cardiff Pointe site and the Council's Waterfront site. The Council's principle priority at the time was to construct a new Ice Arena to replace the one demolished to make way for the St David's 2 shopping centre, and to deliver a Snow-Dome attraction.
7. The Development Agreement involved the transfer of land from the Council to GPL on a 999 year lease in two phases as illustrated by the plan at Appendix 1: Phase One on committing to the Ice Arena development; and Phase Two on committing to the delivery of the Snow-Dome facility.
8. The cost of delivering the new Ice Arena far outweighed its anticipated commercial value. To ensure delivery of a state-of-the-art facility, the Council agreed to commute a proportion of s106 contributions and affordable housing contributions generated by the planning permission for residential development on the adjacent Cardiff Pointe site. To meet the Council's aspirations, GPL decided to forward fund early delivery of the new Ice Rink in advance of residential sales on Cardiff Pointe.
9. GPL completed the Ice Arena development in 2016. They have also delivered 100 private residential properties on Cardiff Pointe and c150 units of affordable housing on adjacent sites. However, since 2018 further development has stalled.
10. The Council retains a significant land holding at the International Sports Village site illustrated by the ownership plan attached at Appendix 1. In March 2018, Cabinet provided authority to secure the freehold reversion of the former Toys R Us building including a large service yard and 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, as the former Toys R Us lease contained several covenants that affected the development potential of the Retail 3 site.
11. In October 2019, Cabinet approved a new strategic plan for completing the ISV development which involved repositioning the proposed leisure development on to lower value land to the rear of the site (former Toys R Us and Retail 3). This would help to establish a critical mass of leisure attractions by positioning new leisure facilities adjacent to the existing leisure facilities and would free up the Waterfront site for higher value residential-led mixed use development. Delivery of the plan was subject to reaching agreement with Greenbank regarding land interests in the area.

Issues

12. The Council and Greenbank have been engaged in dialogue over an extended period of time regarding their respective land interests, including the land subject to the Development Agreement. The Cardiff Pointe residential scheme is an important development in its own right, planned to deliver circa 850 new homes in the Local Development Plan. The Council remains keen for the next phase of construction to commence as soon as possible, not least to provide existing residents with certainty regarding the future of the site. The Council is in the process of negotiating a land transaction with Greenbank that will enable further development on the site to be accelerated and will return to Cabinet in the spring/early summer for authority to proceed, once draft terms are ready for approval.

Velodrome

13. In December 2020, Cabinet gave authority to begin the consultation process relating to the proposed expansion of Cathays High School. The proposed new development presents an opportunity to relocate and improve the city's Velodrome provision.
14. The current Velodrome benefits from having access to Maindy Leisure Centre for storage of circa 400 cycles, workshop space, welfare facilities and studio space to ensure sessions can continue in poor weather and also to allow for meetings and off-bike training.
15. The proposal is to deliver a new purpose built Velodrome facility at the International Sports Village. The relocation of the track is to be funded by the Schools Organisation Programme to secure an appropriate site for the school expansion. The balance of development - the Performance Hub - including storage, workshop space and welfare facilities will be delivered through revenue income. In order to align with the proposed timing of the delivery of the new Cathays High School, works are required to commence on delivery of the new Velodrome in 2021, following submission of a planning application. The current program set out in Confidential Appendix 2 anticipates the Velodrome could be operational within the International Sports Village by the end of 2022.
16. The Council has engaged with local cycling clubs and governing /representative bodies to ensure the design of the facility will (as far as is possible within the existing budget constraints) meet their expectations. These discussions will continue whilst the detailed designs are developed for submission to the Local Planning Authority. The existing facility at Maindy Leisure Centre will remain open until the new facility is completed and open for business to maintain continuity of provision. The Maindy Leisure Centre will continue to operate without the Velodrome facility thereafter.
17. Estimated costs associated with the relocation of the Velodrome are set-out in Confidential Appendix 3 and the strategy for meeting these costs is set out in Confidential Appendix 4. At this stage authority is being sought to progress the development of a detailed business plan. This will include the development of

detailed designs to a stage where they are ready for submission for planning approval. Given that an element of the cost of delivering this facility is based on income a final approval from Cabinet is required once detailed costs and projected income are fully understood and can be presented in a final business case.

18. The business case will also set out the proposal for operating the Velodrome facility. It is not intended for the Council to operate the facility. At this point in the process it is envisaged that the facility will be operated via a management agreement or lease with a third party. The various options and wider considerations will need to be considered in detail at a future date.

New Development Strategy

19. The relocation of the Velodrome to the International Sports Village site has presented an opportunity to further refine the development strategy presented to Cabinet in October 2019. The strategic plan to deliver residential-led mixed use development on the waterfront land and leisure development clustered around existing facilities to the rear of the site remains in place. The Velodrome presents an opportunity to amend the strategy for development of the leisure destination.
20. A new indicative masterplan is attached as Appendix 5. The scheme accommodates the new Velodrome facility and a small number of additional leisure assets to complete the scheme. The key features of the leisure development strategy are as follows:
 - A new 333m dedicated Velodrome facility with associated bicycle storage, workshop space, clubhouse and spectator stand.
 - A new 1km closed-loop circuit for cyclists, runners and other activity uses. Currently specified at 3m wide, this facility has the potential to be upgraded to 6m wide to enable use as a competition facility subject to attracting additional funding from relevant bodies. The intention is to provide free to use access for local residents. If the track is extended to 6m, dedicated access will also need to be provided for competitive sport purposes.
 - The former Toys R Us building (circa 40k sq ft) will be retained and refurbished to create an attractive and valuable commercial retail asset. The intention is to attract a large format bicycle retail store to complement the Velodrome and the closed-loop circuit. There will also be adequate space within the building to accommodate an additional leisure attraction.
 - Over the longer-term there is the potential to extend the CIWW to position the entrance of the facility in direct alignment with the current alignment of Olympian Drive to provide a focal point for the new public realm and improved visibility of the facility from the main entrance to the site.
 - The existing Ice Rink has the potential to be extended at the rear to complete the development. A new attraction could be provided as part of a review of the facility to improve its overall commercial viability and long-term sustainability. Ideally, the attraction would make use of the

plant and machinery already available within the Ice Arena. This will be brought forward on a commercial basis.

- Olympian Drive to be reduced, and subsequently eliminated once an adequate alternative access has been provided across the rear of the waterfront land to create an enhanced pedestrian environment at the heart of the leisure development. In particular, removal of the road will improve safe pedestrian connection between key facilities and establish a new all year-round external event space. Opportunities to improve biodiversity will be delivered through the proposed public realm improvement including the planting of trees, the introduction of pocket parks and the general greening of the area as appropriate.
 - As an initial step, undeveloped land will be set out as surface car parking to meet the on-site contractual requirements and to provide additional spaces to avoid visitors parking in adjacent residential areas. The long-term strategy is to consolidate parking to release further land for leisure development and for the site to become established as a Park & Ride destination. The intention is for the Council to retain full control of all on-site car parking to generate income to support delivery of the masterplan and the long-term upkeep of the leisure destination.
 - Highways improvements including the removal of the round-a-bout on Watkiss Way to make way for a new shared surface crossing to provide better connections between the new leisure facilities and CIWW.
 - A new road to be provided by the developers of the residential scheme on the waterfront land linking the Cardiff Pointe residential scheme to the existing round-a-bout joining International Drive with Ferry Road eliminating the need for Olympian Drive.
 - There is also the potential to accommodate a hotel on-site.
21. The Bay edge walkway will be fully retained and maintained for public use with public access protected. The proposed residential-led development of the waterfront land has potential to deliver a new 'destination' food & beverage promenade at ground level along the water's edge with views across Cardiff Bay fully open to the public. Above this active ground floor will be a series of relatively high-density residential-led mixed-use blocks, medium height (10-14 stories) to create a new district befitting of its unique, high quality waterfront aspect.
22. As the plans develop, the Council will consider utilisation of s106 contributions generated from the waterfront land to support completion of the ISV leisure destination.

Transport Strategy

23. Transport connectivity will become an increasingly important factor in the long-term success of the project. The site is within walking distance of Cogan Station via the Pont-y-Werin Bridge and this important link will need to be promoted as a primary link to increase usage. There is potential to improve access to the Station and to improve signage.

24. There are regular bus services which connect the site to the city centre in circa 15 minutes. As the site matures and additional car parking provision is provided, the Council will explore its use as a Park & Ride destination. The potential establishment of a Park & Ride could help to increase the regularity of bus services from the ISV to the Inner Harbour and the City Centre.
25. Cycling access to the site will be improved significantly by the plans to deliver a bridge across the River Taff as part of the Channel View redevelopment. This will help to link the site to the existing cycle superhighway in Cardiff Bay. This is an important development given the nature of the leisure destination being proposed, and the focus on delivering cycling facilities on-site, where users will need to access the site via bicycle.
26. There is an opportunity to make better use of the Bay itself and the River Taff to link the site to the Inner Harbour and the City Centre via water-taxi. As part of the development of the waterfront promenade, a new water taxi landing bay will be explored.
27. Whilst the Council is keen to improve public transport access to the site, there will also need to be an adequate number of parking spaces provided in order to meet existing contractual/planning obligations relating to the International Pool and the Ice Arena as well as the proposed new leisure development and to ensure local residents are not adversely impacted.

Delivery Strategy

28. It is anticipated that completion of the leisure destination, including parking provision, landscaping, public realm improvements and highways adaptations will cost in the region of £20m. Initial appraisal of potential income streams associated with the various facilities proposed, including parking income and rental income suggests that the development could be funded on a commercial basis.
29. At this stage the Council is only committing to delivery of the Velodrome track facility and is not seeking authority to deliver any other aspect of the masterplan through this report. Authority is being sought to develop a business case setting out detailed costs, income streams and a proposed investment programme for completion of the development to be presented back to a future meeting of Cabinet for authority to proceed.
30. A key aspect of the business plan will be the future operation of the facilities on-site and the ongoing maintenance of landscaping and public realm. Prior to the pandemic a number of operators/providers showed interest in developing a destination experience at the ISV. Most of these discussions were around developing a wider offer bringing in further adventure experiences such as rock climbing, sky-diving, indoor skiing (conveyor belt), zip-wire alongside new e-sport experiences. New facilities could be managed in conjunction with the International Pool, Ice Arena and CIWW under a singular brand giving customers easier access to a wider range of activities. As part of the development of the business case it is proposed to undertake a soft-marketing exercise to determine the level of interest in operating the site as a destination

and to confirm the level of income/rent that could be generated to support the business plan.

31. The car parking strategy will also be central to the business plan given the level of income that can potentially be generated. The site will initially need to provide a minimum of 800 spaces on-site for use by the International Pool, Ice Arena, CIWW and the new Velodrome. These spaces are already available on site but will need to be relocated around the site to align with the masterplan. It is proposed that leisure users will receive a concession for a number of hours (to be agreed).

Waterfront Land

32. The Council has been engaged in discussions with Greenbank regarding the Development Agreement entered into in 2012 and the need to reset arrangements to enable the wider development to progress. The discussions have progressed amicably and have involved potential asset swaps as well as various disposal/acquisition proposals. It is intended to return to Cabinet in spring/early summer with a final proposal that will conclude the 2012 Development Agreement and enable future development to progress.

Reasons for Recommendation

33. To set out a plan for completion of the International Sports Village development in Cardiff Bay including the new Velodrome facility.

Financial Implications

34. This report sets out and seeks Cabinet approval of a revised development strategy for the completion of the International Sports Village (ISV). Whilst approval is being sought at this stage for the wider development strategy, it is anticipated that further detailed proposals will be brought to Cabinet on some of the specific elements of the wider masterplan as set out in paragraph 20 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.
35. At present, there is no specific funding available within the budgetary framework for the redevelopment of the International Sports Village. Any proposals brought forward must therefore be on a self-financing basis utilising capital receipts and s106 contributions generated.
36. This report seeks approval in principal to relocate the Velodrome to International Sports Village, as well as delegated authority to progress a Final Business Case including a planning application to be presented back to a future meeting of Cabinet for final approval. The proposed cost plans for delivery of the Velodrome and wider development are set out in **Confidential Appendix 4**, with the majority of these costs supported by an independent development appraisal attached in **Confidential Appendix 3**. It is anticipated that the capital costs of relocating the Velodrome will be funded by Education as part of the delivery of the new Cathays High School, whilst the delivery of

the Performance Hub is expected to be funded on an Invest to Save basis by future revenues it will generate.

37. The operational business plan costs and revenues for the Velodrome are included within **Confidential Appendix 4**. These remain high level at this stage and will be further tested within a Final Business Case which will be brought back to Cabinet for a final decision in due course, along with final costs and funding solutions for approval.
38. The sensitivities regarding the delivery of the Velodrome by May 2023 are covered in the main body of the report, with the proposed timescales for delivery set out in **Confidential Appendix 2**. This delivery programme will need to be proactively managed, reviewed and closely monitored to minimise the risk of financial implications, as well as potential downtime for the velodrome or delays to the construction of the school.
39. The final recommendation within the report seeks delegated authority to prepare a business case and conduct a soft market testing exercise for potential operating partners of leisure components within International Sports Village ahead of returning to Cabinet for a final decision. Proposed costs for this are allocated and shown with **Confidential Appendix 4**, although at this stage no suitable funding source has been identified to cover these costs.
40. 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 velodrome 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. Further detailed VAT advice will be required on specific proposals for the future operation of the Velodrome, as well as vacation of existing leases with GLL, which must be taken into account in a timely manner during the decision making process. Initial advice can found at Confidential Appendix 6.
41. This report proposes that the Council will bring forward a long-term car parking strategy in a phased approach subject to development/operational interest within the wider ISV Development. In the interim, the Council will need to retain a minimum of 800 spaces within the Sports Village for the use of the International Pool, Ice Arena, CIWW, Toys'R'Us and the new Velodrome. The Council intends to retain full control over the car parking arrangements, with the income generated being utilised to maintain the car parking, associated public space and to service debt.
42. The Council previously acquired the Toys R Us site in March 2018 to consolidate its land ownership in the area, with the cost of this acquisition funded initially from forthcoming capital receipts with the intention to recover these through disposals at a later date. Incorporated within this report are a range of proposals, including retaining the Toys R Us site and pursuing a land

exchange deal with Greenbank. The financial implications of this revised development proposal will include the non-recovery of the original capital receipt utilised to acquire the Toys R Us site in March 2018, therefore reducing the amount of capital receipts available to be used in other regeneration projects.

Legal Implications

43. This report proposes a masterplan for the future development of the International Sports Village and the provision of a new velodrome facility, which will require the Council to enter into contractual arrangements for works and services, as well as property transactions
44. With regard to the intended property transactions, the Council will need to comply with its rules and procedures for the acquisition of and disposal of land and seek advice where appropriate from its qualified valuer. With regard to the intended procurement of works and services, the Council is required to follow its internal Contract Standing Orders and Procurement Rules internal together with the relevant statutory procurement requirements. This ensure the terms of the transactions represent best value.
45. It is expected that further reports will prepared relating to the proposals arising from this report upon which detailed legal and financial consideration, including taxation, and any wider consideration such as Equality duties, will need to be provided in relation to these matters at the relevant time.
46. The Cabinet needs to take account of 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.
47. 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. If the recommendations in the report are accepted and when any alternative options are considered, the Council will have to consider further the equalities implication and an Equality Impact Assessment may need to be completed.
48. 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.

49. 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>
50. 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
51. 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>
52. 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.
53. 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

54. At this stage, as the Council is only committing to delivery of the Velodrome track facility and is not seeking authority to deliver any other aspect of the masterplan, there are no specific property implications in respect of this report. The Strategic Estates team will liaise where necessary with Major Projects, Finance and other relevant departments on any property related elements are required to deliver any proposals. Where there are Valuation, Estate Management or Transactional elements necessary to deliver the Velodrome and wider International Sports Village proposals, these 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 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.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	Date

The following appendices are attached:

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)