

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

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*Appendices 1, 2, 3, 4, 5, 6, 7, 8 and 9 of the Cabinet Report are not for publication as they contain exempt information of the description contained in paragraphs 14 and 21 of Schedule 12A of the Local Government Act 1972.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**