
**VELODROME – INTERNATIONAL SPORTS VILLAGE: PRE-DECISION
SCRUTINY**

Appendices 1, 2, 3 and 4 of the Cabinet Report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972. 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 proposed velodrome at the International Sports Village, Cardiff Bay, which is due to be considered by Cabinet at their meeting on 15 July 2021.
2. Members should note that **Appendices 1, 2, 3 and 4** 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 presents the Outline Business Case for the development of the velodrome and seeks cabinet authority to proceed to detailed design, procurement of a contractor and submission of a planning application. Cabinet are asked to agree in principle to the allocation of the budget required to deliver the Velodrome.
4. During this scrutiny, Members have the opportunity to explore:
 - i) The outline business case, including:

- i. Projected Costs
- ii. Projected Income levels
- iii. Avison Young review – attached at Confidential Appendix 2
- iv. RPA review of costs – attached at Confidential Appendix 3
- v. Financial Report – attached at Confidential Appendix 4
- ii) Whether there are any risks to the Council
- iii) The timeline and next steps
- iv) 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 1, 2, 3 and 4.**
6. Members will hear from and be able to ask questions to Councillor Russell Goodway (Cabinet Member – Investment and Development), Neil Hanratty (Director of Economic Development), Chris Barnett (Operational Manager – Major Projects) and Jo-Anne Phillips (Project Manager).
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 March 2021, Cabinet approved plans to relocate the Velodrome from Maindy Leisure Centre to the International Sports Village site and granted authority to prepare the Outline Business Case for the Velodrome.
9. The capital funding for the new Velodrome comes from a capital payment from the Council's Education Department in relation to the land at Maindy, which will be

used for the new Cathays High School, and from a capital loan serviced by revenue from the operation of the new Velodrome.

10. The draft report to Cabinet entitled '*Velodrome – International Sports Village*' is attached at **Appendix A** and has **four** appendices:

- **Appendix 1** - Confidential - ISV Masterplan
- **Appendix 2** - Confidential – Avison Young Velodrome Business Case Report
- **Appendix 3** - Confidential – RPA Cost Report
- **Appendix 4** - Confidential – Financial Report

Issues identified in the Cabinet Report

11. The report to Cabinet contains the Outline Business Case, with an independent assessment of the business plan (at **Confidential Appendix 2**), an independent cost feasibility estimate of construction costs (at **Confidential Appendix 3**), and a revised Financial Report (at **Confidential Appendix 4**).

12. The report at **Confidential Appendix 2** confirms the anticipated income will be sufficient to finance the required capital loan as well as day-to-day operational and life cycle costs. The report also highlights the possibility of further increasing revenue by increasing occupancy and services, albeit that these require a small increase in initial capital outlay.

13. The report at **Confidential Appendix 3** sets out the costs for the design and cost plans required to inform the Full Business Case and submission of a planning application. The Full Business Case will be reported back to Cabinet before the completion of contracts, in November/ December 2021, with the aim to start on site early in the New Year.

14. At **point 8**, the report to Cabinet sets out that the operation of the Velodrome will be considered as part of the overall ISV business case, which will be reported to Cabinet in September 2021 as well as in November/ December 2021 as part of the Full Business Case report.

15. The Financial Implications at **points 10-15** include:

- i) As no specific funding is allocated in the budget to redevelop the International Sports Village, proposals must be self-financing.
- ii) The costs of progressing to a Full Business Case will need to be funded from existing Directorate budgets
- iii) That VAT status results in likely restrictions to the Council operating the Velodrome, resulting in a risk that the Council may not be able to appoint a suitable third party operator – the market appetite for this needs to be further tested.
- iv) That further detailed VAT advice will be required on specific proposals.

16. The Legal Implications **at points 16-26** set out the need for the Council to:

- i) consider value for money, risks, rewards and liabilities
- ii) comply with Contract Standing Orders and Procurement Rules
- iii) 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
- iv) comply with the Policy and Budgetary Framework, and
- v) seek further specific legal advice for future reports.

17. The Property Implications at **point 27** highlights the need for proposals to accord with the Council's Asset Management process.

Proposed Recommendations to Cabinet

18. The report to Cabinet contains one recommendation, which is:

- (i) *Approve the business plan report attached at Confidential Appendix 2 and agree in principle to the allocation of the budget required to deliver the Velodrome at the International Sports Village as set out in this report subject to final approval of the Full Business Case at a future Cabinet meeting.*

Previous Scrutiny

19. In March 2021, this Committee undertook pre-decision scrutiny of the report to Cabinet that set out the proposed development strategy for the Velodrome and the International Sports Village.
20. Following their scrutiny, the Chair, Councillor Nigel Howells, wrote a confidential letter to Councillor Russell Goodway, Cabinet Member- Investment & Development, dated 16 March 2021. This letter has been shared with Committee Members.

Way Forward

21. 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-Anne Phillips (Project Manager) will attend and all witnesses will answer Members' questions on the proposals.
22. All Members are reminded of the need to maintain confidentiality with regard to the information provided in **Appendices 1, 2, 3 and 4**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

23. 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

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 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 185 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