

**LLANRUMNEY REGENERATION SCHEME UPDATE: PRE-DECISION
SCRUTINY**

Appendices 2 - 4 of the Cabinet Report, Appendix A, and Appendix B are not for publication as they contain exempt information of the description contained in paragraph 14 and paragraph 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the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 Llanrumney Regeneration Scheme update, which is due to be considered by Cabinet at their meeting on 20 October 2022.
2. Members should note that **Appendices 2 - 4 inclusive** of the Cabinet report, at **Appendix A, and Appendix B** 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 20 October 2022, the Cabinet will consider a report that requests authority be delegated 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:
 - i) progress the disposal of 3 parcels of land, and
 - ii) enter legal contracts for the delivery of a new road link and bridge.

4. The report to Cabinet also provides an update on progress with the proposed logistics centre, residential schemes, and outdoor sports complex, which form part of the Llanrumney Regeneration Scheme.
5. During this scrutiny, Members have the opportunity to explore:
 - i) The reasons Council contributions are now required to progress the new road link and bridge
 - ii) The use of s106 monies for the new road link and bridge active travel costs
 - iii) The anticipated capital receipts for the Ball Road and Ball Lane sites and the proposed use of these
 - iv) The sequencing of disposal of the three parcels of land
 - v) The financial implications for the Council
 - vi) Whether there are any risks to the Council
 - vii) The timeline and next steps for delivery
 - viii) 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 2-4 inclusive**.
7. 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 Eirian Jones (Operational Manager – Strategic Estates), who will give a presentation and be available to answer 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 October 2019, Cabinet approved the Cardiff East Industrial Strategy, which prioritised transport improvements, including a new bridge and road linking Llanrumney with the A48, as key to attract investment and enable local communities to gain access to employment. In December 2019, Cabinet approved the Llanrumney Development Strategy, which included proposals to deliver the new road link and bridge on a self-financing basis via capital receipts received from selling parcels of land for employment and residential use. In addition, Cabinet agreed the principle of a capital contribution, from these land disposals, towards delivery of a new outdoor sports complex off Mendip Road, Llanrumney, to be delivered in partnership with Cardiff University and Cardiff City Football Club. The three parcels of land proposed for disposal were:
- i) Park & Ride scheme site at A48 junction at Pentwyn
 - ii) Land adjacent to Ball Road and fronting Llanrumney Hall
 - iii) Land off Ball Road.
10. In December 2019, Cabinet agreed to appoint agents to market the three sites for Expressions of Interest. In November 2020, Cabinet delegated authority to appoint developers and dispose of the Park & Ride scheme site at A48 junction at Pentwyn, and to undertake statutory consultation in relation to the Ball Road site. The Council has appointed Curtis Hall as the approved developers for the Park & Ride scheme site, which is to become a new logistics development, and Edenstone as developer of the residential schemes for Ball Road and Ball Lane.

Issues identified in the Cabinet Report

11. The draft report to Cabinet entitled '*Llanrumney Regeneration Scheme Update*' is attached at **Appendix A** and has **5** appendices:
- **Appendix 1** – Site Plan and Masterplan
 - **Confidential Appendix 2** – Update Report from Curtis Hall
 - **Confidential Appendix 3** – Surveyors Letter
 - **Confidential Appendix 4** – Financial Summary
 - **Appendix 5** – Outdoor Sports Complex

12. At **points 5-9**, the report to Cabinet sets out that the land value, of the park & Ride scheme site at A48 junction at Pentwyn, is no longer sufficient to meet the full cost of delivering the new road link and bridge due to:
- i) the area of land potentially acceptable for development has reduced from an estimated 17 acres to an estimated 14.5 acres, thus reducing the development value of the site
 - ii) increased cost inflation in the construction sector, and
 - iii) the local planning authority seeking to widen the bridge to enable pedestrian and cycling provision, with a consequent increased cost.
13. **Points 10-11** set out that Curtis Hall's development proposal is at **Confidential Appendix 2**, with an independent external valuation at **Confidential Appendix 3**.
14. **Points 12-16** set out that the Council will need to contribute towards the cost of delivering the new road link and bridge, with a capped amount as set out in **Confidential Appendix 4**. They also highlight that the capital receipts from Ball Road and Ball Lane will mostly go towards meeting the Council's contribution towards the new outdoor sports complex, with the remainder going towards the cost of delivering the new road link and bridge. In addition, s106 contributions will be used to meet the costs associated with the enhanced specification for active travel on the new road link and bridge. The developer is to meet any further increases in costs over and above the capped amount.
15. **Point 17** states it is anticipated a planning application will be submitted in the first quarter 2023 for the Ball Road and Ball Lane residential schemes.
16. **Point 18** states that **Appendix 5** provides up to date images for the Outdoor Sports Complex, with the Council's contribution being progressed as a grant payment.
17. The **Financial Implications** are set out at **Points 21 - 26** and include:
- i) The detailed survey of the proposed bridge connection has resulted in increased delivery costs, which have been verified by an independent advisor, as set out in **Confidential Appendix 3**

- ii) Delivery costs are proposed to be funded by a mixture of s106 funds and capital receipts from land disposals. The delivery of the bridge will be a s106 obligation on the developer. The Council's contribution will be capped at the value set out in **Confidential Appendix 4**
- iii) This scheme maintains a risk of affordability to the Council until planning permission is granted, s106 agreements in place and receipts from disposals secured
- iv) Careful consideration must be given to the tax, VAT and procurement implications of proposals as they are finalised, with further specialist advice recommended prior to finalising contracts
- v) The Council's contribution towards the outdoor sports complex at Mendip Road, Llanrumney, to be funded from future capital receipts from ringfenced land disposals, is due to be paid before the capital receipts are realised, meaning there is a short-term funding risk to the Council.

18. **Legal Implications** are set out in **Points 27-37** and include:

- i) The need to obtain and have regard to the advice from the Council's valuer
- ii) That it is anticipated that a further report will need to be considered by Cabinet, or if delegated the Director of Economic Development, setting out specific details of the amount and type of assistance to be provided to the developer upon which specific legal implications can be provided at that time
- iii) Equalities, Welsh Language and Wellbeing of Future Generations duties, and
- iv) The need for the decision maker to be satisfied that the proposal is within the Policy and Budget framework.

19. **Point 38** states there are no HR implications, and **Property Implications** are outlined in the body of the report, as stated at **Point 39** of **Appendix A**.

Proposed Recommendations to Cabinet

20. The report to Cabinet contains the following recommendations:

- 1) *Note progress on the delivery of the Llanrumney Regeneration Scheme.*
- 2) *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:*
 - i. *progress the disposal of the 3 parcels of land in the sequence set out in this report.*
 - ii. *enter legal contracts for the delivery of the new road link and bridge subject to an independent valuation, the capped contribution set out in Confidential Appendix 4, and the funding being available as anticipated in this report and set out in Confidential Appendix 4.*

Previous Scrutiny

21. In **December 2019**, this Committee undertook pre-decision scrutiny of the report to Cabinet on Llanrumney Development, following scrutiny in October 2019 of the report to Cabinet on the Cardiff East Industrial Strategy. Much of this scrutiny was in closed session as it dealt with confidential information. Following scrutiny, the Chair, Councillor Nigel Howells, wrote a confidential letter to Councillor Russell Goodway, Cabinet Member –Investment and Development and received a confidential response. These letters are attached in **Confidential Appendix B**.
22. In **November 2020**, this Committee undertook pre-decision scrutiny of the report to Cabinet on the next steps in the Llanrumney development. Following scrutiny, the Chair, Councillor Nigel Howells, wrote to Councillor Russell Goodway, Cabinet Member –Investment and Development. This letter is attached at **Appendix C**.
23. In **May 2021**, this Committee undertook pre-decision scrutiny of the report to Cabinet on the next steps in the Llanrumney development. Following scrutiny, the Chair, Councillor Nigel Howells, wrote to Councillor Russell Goodway, Cabinet Member –Investment and Development. This letter is attached at **Appendix C**.

Way Forward

24. 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 Eirian Jones (Operational Manager – Strategic Estates) will give a presentation and be available to answer Members questions.
25. All Members are reminded of the need to maintain confidentiality regarding the information provided in **Appendices 2 – 4 inclusive** of the Cabinet Report at **Appendix A and Appendix B**. Members will be invited to agree the meeting go into closed session to enable discussion of this information.

Legal Implications

26. 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

27. 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 20 October 2022, and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

DAVINA FIORE

Director of Governance & Legal Services

11 October 2022