

LLANRUMNEY REGENERATION SCHEME UPDATE

**INVESTMENT & DEVELOPMENT (COUNCILLOR RUSSELL
GOODWAY)**

AGENDA ITEM:

Appendices 2 - 4 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.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 provide an update on the Llanrumney Regeneration Scheme including an outline of the developer's proposal for the delivery of a new road link and bridge connecting the A48 to the Llanrumney ward.

Background

2. In December 2019, Cabinet approved the development strategy for the Llanrumney Regeneration Scheme which included the delivery of a new road link and bridge between the A48 and the Llanrumney ward. The masterplan for the scheme is attached at Appendix 1.
3. At the same meeting authority was granted for three parcels of land to be promoted for disposal and Cabinet agreed to the principal of the land receipts being ring-fenced to support delivery of the new road link and bridge and a new outdoor sports complex off Mendip Road to be delivered in partnership with Cardiff University and Cardiff City FC.
4. In November 2020, Cabinet considered the outcome of the marketing testing exercise for the three land parcels and delegated authority to appoint developers and to complete the disposal of the main site adjacent to the A48 (illustrated by the site plan at Appendix 1). Authority was also granted to undertake a statutory consultation process in relation to the Ball Road site (also illustrated by the site plan at Appendix 1). The intention is to complete the disposal of the Ball Road and Ball Lane sites once planning permission has been granted for the development on the main site adjacent to the A48 and the new road link and bridge has been secured.

Issues

5. The delivery of the new road link and bridge relies primarily on the development value that can be extracted from the land adjacent to the A48. The developer has completed the numerous surveys required to inform a planning application including significant flood modelling, ecological surveys and profiling of the road and bridge crossing the river Rhumney. This has identified the area of land that is potentially acceptable for development, subject to planning. The site has also had to take account of the emerging TAN 15 policy.
6. In order to comply with policy and to retain all of the ancient woodland in and around the site, the net developable area has been reduced from an estimated 17 acres to c14.5 acres. This has significantly reduced the development value of the site.
7. At the same time there has been excessive build cost inflation across the construction sector that has seen costs in some areas of construction increase by up to 40%.
8. Discussions with the Local Planning Authority has identified an opportunity to divert proposed cycle routes across the bridge. This requires the bridge to be widened to a width of circa 11.3m giving a significant pedestrian and cycling provision but also a significant additional cost.
9. As a consequence of the issues outlined above, i.e. less land for development, increased construction costs and enhanced bridge specification, the land value of the site is no longer sufficient to meet the full cost of delivering the new road link and bridge.

Logistics Development

10. Curtis Hall is the appointed developer of the new logistics development on the site adjacent to the A48. Confidential Appendix 2 sets out their development proposal for the site taking account of the planning and site constraints identified following the detailed survey work.
11. The Council has subsequently appointed independent external valuers to review and value the development scheme. An updated land valuation is attached at Confidential Appendix 3.

New Road Link and Bridge

12. The costs of the new road link and bridge are set out in Confidential Appendix 2. Given the shortfall between the value of the land adjacent to the A48 and the cost of the upgraded bridge, delivery of the bridge will require a contribution from the Council.
13. The anticipated receipt from the disposal of the two remaining sites that make up the Llanrumney Regeneration Scheme (land at Ball Road and land at Ball Lane) is set out at Confidential Appendix 4.

14. Confidential Appendix 4 also sets out the level of contribution required to support delivery of the new outdoor sports complex which is already committed.
15. The proposal is for the Council to meet the funding gap from two sources as set out in Confidential Appendix 4. Firstly, there is a residual amount of capital receipt from the disposal of the Ball Road and Ball Lane sites following the deduction of the Council's contribution towards the new outdoor sports complex. The costs associated with the enhanced specification for active travel will be met from s106 contributions from already approved nearby residential developments in north Cardiff. The overall Council contribution will be capped as set out in Confidential Appendix 4.
16. The final cost of the new road link and bridge will not be confirmed until a planning permission has been granted and a related s106 agreement is signed. The developer will be responsible for any further increases in costs over and above the capped amount set out in Confidential Appendix 4.

Ball Road and Ball Lane

17. Edenstone has been appointed as the developer of the residential schemes for Ball Road and Ball Lane. The development of these sites has always been dependent on delivery of the new road link and bridge. The Council is currently close to completing contracts with Edenstone on a subject to planning basis. To date Edenstone has developed their proposal to RIBA Stage 2 and have commenced pre-application discussions with the Local Planning Authority. It is anticipated that a planning application will be submitted in the first quarter of 2023.

Outdoor Sports Complex

18. Good progress has been made with the delivery of the Outdoor Sports Complex off Mendip Road in partnership with Cardiff university and Cardiff City FC. Appendix 5 provides up to date images of the progress to date. The Council's contribution to the development is being progressed as a grant payment authorised through normal delegated procedures.

Local Member consultation

19. Local Ward members are updated on the progress of the development.

Reason for Recommendations

20. To provide an update on the Llanrumney Regeneration Scheme and to outline the funding package for the new road link and bridge.

Financial Implications

21. This report updates Cabinet on the financial position of the project, noting the revised budget and funding arrangements required for delivery of new road and bridge connection between Llanrumney and A48, as well as confirming the capital contribution to be provided towards the delivery of the new Outdoor Sports Complex at Mendip Road, Llanrumney.
22. The increased delivery costs of the bridge following the detailed survey works, outlined within issues section above, have resulted in a potential shortfall of funding to deliver the proposal against the planning requirements. Details of the revised funding proposals are set out within the financial summary in **Confidential Appendix 4**, including monies from disposal strategy and budgets allocated from applicable s106 agreements. However, until such development is approved, planning application is approved, s106 entered and receipts from disposals are secured, then this scheme still maintains a risk of affordability to the Council.
23. An independent advisors note, attached at **Confidential Appendix 3**, verifies the values set out within developers' proposal (**Confidential Appendix 2**) at the current time. The final contribution required though will not be confirmed until Planning Application has been approved and the s106 agreement is entered into. A further independent surveyor's report will be required at this point to demonstrate value for money of the proposals as well as to validate Council contribution prior to transaction being completed.
24. However, it is understood the delivery of the bridge will be a s106 obligation for the developer to undertake to an adoptable standard. The terms of the s106 will be drawn up at the time a decision is approved, and the grant of planning permission is subject to that agreement being entered into. However, the Council's contribution will be capped at the value set out within **Confidential Appendix 4**.
25. Therefore, careful consideration must be given to the Tax, VAT and Procurement implications of these proposals as they are finalised, particularly given the nature of the proposed transactions both to the Council and to the developer. It is recommended the directorate seek further specialist advice in these areas in order for Cabinet to be assured the structure of the deal protects the Council before finalising any contracts.
26. The Council's grant/capital contribution towards outdoor sports complex at Mendip Road, Llanrumney is due to be funded from future capital receipts due to be received from ringfenced land disposals at Ball Lane and Ball Road. However, the grant is due to be paid in advance of the capital receipts being realised representing a short-term funding risk to the Council, particularly in the event of a failure to realise capital receipts from the proposed land disposals in a timely manner. Cabinet needs to be assured that the grant agreement noted in the November 2020

Cabinet Report sets out the terms and conditions, the use of the grant and the drawdown mechanism sufficiently protects the Council

Legal Implications

27. The Council is required to obtain best value in relation to disposals of land pursuant to s.123 of the Local Government Act 1972 and should have regard to the advice of its valuer in relation to any adjustment to the values as a result of the issues raised in the report
28. This report provides an update regarding the disposals of land at Llanrumney referred to in the report and highlights the potential for the Council to provide financial assistance to the developer should the development prove to be unviable. 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 upon which specific legal implications can be provided at that time.

Equalities & Welsh Language

29. In considering this matter the decision maker must have regard to the Council's 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. Protected characteristics are: (a) Age, (b) Gender reassignment, (c) Sex, (d) Race – including ethnic or national origin, colour or nationality, (e) Disability, (f) Pregnancy and maternity, (g) Marriage and civil partnership, (h) Sexual orientation, (i) Religion or belief – including lack of belief.
30. When taking strategic decisions, the Council also has a statutory duty to have due regard to the need to reduce inequalities of outcome resulting from socio-economic disadvantage ('the Socio-Economic Duty' imposed under section 1 of the Equality Act 2010). In considering this, the Council must take into account the statutory guidance issued by the Welsh Ministers (WG42004 A More Equal Wales The Socio-economic Duty Equality Act 2010 (gov.wales) and must be able to demonstrate how it has discharged its duty.
31. An Equalities Impact Assessment aims to identify the equalities implications of the proposed decision, including inequalities arising from socio-economic disadvantage, and due regard should be given to the outcomes of the Equalities Impact Assessment.
32. The decision maker should be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.

The Well-being of Future Generations (Wales) Act 2015

33. 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. In discharging its duties under the Act, the Council has set and published well being objectives designed to maximise its contribution to achieving the national well being goals. The wellbeing objectives are set out in Cardiff's Corporate Plan 2020 -23.
34. When exercising its functions, the Council is required to take all reasonable steps to meet its wellbeing objectives. This means that the decision makers should consider how the proposed decision will contribute towards meeting the wellbeing objectives and must be satisfied that all reasonable steps have been taken to meet those objectives.
35. The wellbeing duty also requires the Council to act in accordance with a '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 compromising 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 integrated 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
36. 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 on line using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

Policy and Budget Framework

37. 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.

HR Implications

38. There are no HR implication associated with this report.

Property Implications

39. This report has been prepared by the estates team and all implications are outlined in the body of the report.

RECOMMENDATIONS

Cabinet is recommended to:

- 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.

SENIOR RESPONSIBLE OFFICER	NEIL HANRATTY
	Director Economic Development 11 October 2022

The following appendices are attached

- 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