

CABINET MEETING: 15 DECEMBER 2022

CARDIFF BAY REGENERATION**INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)****AGENDA ITEM:**

PORTFOLIO: INVESTMENT & DEVELOPMENT

Appendices 2, 3, 4 6,7, 8 and 9 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.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 Council's priority to establish Cardiff Bay as a leading UK urban visitor destination.
2. To seek authority for the disposal of land to attract two new attractions in Cardiff Bay.

Background

3. The political administration's strategic policy document *Capital Ambition* sets out the Council's priority to 'write a new chapter in Cardiff Bay's regeneration story'. The ambition for Cardiff Bay is to become established as a leading UK destination for leisure, culture and tourism to increase the number of visitors to the city and to generate more jobs for local people, particularly people living in the 'southern arc'.
4. Over recent years, the Council has made significant progress towards this priority. A number of important projects are now well underway with others progressing through the feasibility stages. In March 2022, a report was presented to Cabinet to provide an update on the Council's key regeneration projects in Cardiff Bay including the Atlantic Wharf development anchored by the new Indoor Arena and the redevelopment of the Red Dragon Centre and proposals for the completion of the International Sports Village development. The report also updated on a number of smaller leisure-based opportunities aimed at attracting more visitors to Cardiff Bay.

5. The Council's strategy for Cardiff Bay was presented to the investment market at MIPIM 2021, following the Cabinet report in March 2021. This led to several enquiries from potential investors and dialogue has continued with two parties seeking to bring forward high quality leisure-based attractions in Cardiff Bay.

Issues

6. Although Cardiff Bay has largely been transformed from a post-industrial derelict state, several small pockets of land have remained undeveloped for decades. The Council has intervened to enable numerous sites to be brought forward for development including the Cardiff Bay Station building, the former Custom House and Cory's buildings and the derelict site on James Street adjacent to Mount Stuart School. The nature of the Council's intervention has included the provision of repayable loan finance, the assembly of land to remove barriers to development, the marketing of opportunities to attract investors, and the disposal of land at peppercorn to enable projects that require significant up-front capital investment.
7. The Graving Docks area has been left derelict and under-utilised for over 30 years. The surrounding area has benefitted from significant investment including Mermaid Quay, Techniquest and St David's Hotel, however the docks, which are listed and require significant investment to bring them back into a good state of repair, have remained untouched.

Graving Docks - Nordic Urban

8. The Council has been approached by a Finnish company, Nordic Urban, who would like to invest in the Graving Docks area to deliver a Sea Pool and Finnish Sauna attraction similar to their investments in Helsinki and New York. The plan attached at Appendix 1 illustrates the land area required for the investment.
9. The Graving Docks comprise of three structures constructed between 1850 and 1900. The dock walls and various structures and relics have been listed and the area is currently managed by the Cardiff Harbour Authority.
10. Nordic Urban's concept and vision for the area is outlined in Confidential Appendix 2. It proposes the use of two of the graving docks for the Sea Pool and Sauna attraction. The third dock closest to the Havannah Street residential development is not included in the project and will continue to be used to provide moorings.
11. The proposal is for the docks to accommodate a number of floating outdoor swimming pools, some heated, some not, and associated decking. The attraction will also have a building to be situated in the space between the two docks accommodating saunas and wellbeing spaces alongside changing facilities, a restaurant and a bar.
12. The estimated capital investment to deliver the project is set out in Confidential Appendix 8. The Council is not being asked for a financial contribution towards the cost of delivering the project. However, given the scale of upfront capital investment required, and the attention required to the listed structures, Nordic

Urban require the land to be provided at a nominal rent by the Council. The proposed Heads of Terms are set out at Confidential Appendix 3. The lease will be restricted to leisure use.

13. The Council has prepared reports relating to the condition of the dock walls and the general constraints of the site including site service access, managing the water quality and other practical considerations with regard to the operation of the site (see Confidential Appendix 4).

Skyview (Atlantic Wharf)

14. The Council has been approached by SkyView Towers Ltd who would like to deliver a 90m high viewing platform in Cardiff Bay similar to the attraction they have delivered in Amsterdam. The attraction represents an alternative to a 'big wheel' providing panoramic views of the city and its waterfront to residents and visitors.
15. Following the launch of the Atlantic Wharf masterplan, Skyview Towers identified Cardiff as a primary opportunity to locate their first UK based rotating viewing platform attraction.
16. A number of locations have been considered within the Cardiff Bay area. Most would have required the tower to be relocated once the masterplan for the Atlantic Wharf area matures, at the Council's cost. This has led the Council and Skyview Towers to identify a permanent location from the outset. The site plan attached at Appendix 5 provides an illustration of the preferred location which is situated to the rear of the Red Dragon Centre on unused land above the Butetown Tunnel. Confidential Appendix 6 provides visualisations of the proposed attraction.
17. Confidential Appendix 7 provides the proposed Heads of Terms for a lease to Skyview Towers. The terms reflect the nature of the site and its limited development potential given its position above the Butetown Tunnel, the capital investment required to manufacture the attraction, and the costs associated with citing the attraction in this location. The lease will be restricted to leisure use.
18. The preferred location has been subject to site investigations and whilst Confidential Appendix 8 identifies some of the site constraints, further investigations are anticipated in order to finalise drawings and proceed towards a planning application. The proposal is to enter into an Agreement to Lease on the terms outlined in Confidential Appendix 7 to provide the Skyview Towers with confidence to invest further in the proposal, to undertake further due diligence and to submit a planning application.

Commercial Considerations

19. Both projects require a significant upfront capital investment and neither party is seeking a capital contribution from the Council. However, due to the known and unknown site constraints, both are seeking Agreements to Lease with an agreed long-stop date to deal with planning and further due diligence relating

to the site constraints. Upon the successful grant of planning, the proposal is to enter into a lease with nominal rents to reflect the investments made. Confidential Appendix 9 provides a commentary on the existing use value of both sites and a breakdown of the estimated investments in both projects and assesses this as a market transaction in line with the Council's Procedure Rules.

Reasons for Recommendation

20. To authorise the disposal of land by granting two leases, on the terms outlined in Confidential Appendix 3 and 7, to secure two new leisure attractions to Cardiff Bay.

Financial Implications

21. This report is seeking Cabinet approval to enter into two separate leases on Council owned land, one with Nordic Urban in accordance with terms set out in Confidential Appendix 3 for land in Graving Docks area, as well as one with Skyview Towers in accordance with terms set out in Confidential Appendix 7 for land at Atlantic Wharf, both for the development of new visitor and leisure attractions funded by the private sector.
22. The Council is acting as the enabler of these development schemes, with limited financial implications to the Council in progressing further with these schemes. The only Council costs are likely to be the initial feasibility studies already carried out to demonstrate viability of these two developments in Cardiff to the private sector, as well as some legal and disposal fees relating to putting the appropriate lease arrangements in place. All other planning, design and development costs are to be met by the private sector. Further details are included within Confidential Appendix 9. The initial costs of feasibility studies, along with any necessary legal and disposal costs, will be met from within existing directorate budgets.
23. The Council currently has no obligation to carry out any other works, including public realm works in these areas, so there are no further direct cost implications to the Council as part of this proposal. If Atlantic Wharf is developed in line with the existing masterplan, the Council may wish to commit to undertake final landscaping and public realm works on the site for the purpose of consistency between the Atlantic Wharf public realm and the wider area. In this scenario, these costs will be funded as part of any future Atlantic Wharf schemes and will be subject to future Cabinet approval.
24. A Council Valuer has produced a valuation note on both the Graving Docks site and the land proposed to be leased to Skyview which is attached as Confidential Appendix 9. This note concludes that releasing this land in accordance with Heads of Terms set out within Confidential Appendix 3 and Confidential Appendix 7 would represent good value for money for the Council.

25. The VAT implications of this proposal will need to be considered and actioned as appropriate within relevant timescales ahead of completing these leases.

Legal Implications

26. The Council has power to dispose of land, including the granting of leases, pursuant to section 123 of the Local Government Act 1972. When disposing of land, the Council must comply with its Acquisition and Disposal of Land Procedural Rules and have regard to advice from a qualified valuer annexed to this report to ensure it is obtaining best consideration reasonably obtainable.

Equalities & Welsh Language

27. 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.
28. 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.
29. 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 any required Equalities Impact Assessment.
30. 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

31. 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.

32. 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.
33. 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
34. 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

35. 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

36. The subject of this report is property related and therefore no additional comments are required.

RECOMMENDATION

Cabinet is recommended to:

- 1) Agree in principle to dispose of land to Nordic Urban in accordance with the Heads of Terms set out in Confidential Appendix 3.
- 2) Agree in principle to dispose of land to Skyview Towers Ltd in accordance with the Heads of Terms set out in Confidential Appendix 7.
- 3) Delegate authority to the Director for Economic Development in consultation with the Cabinet Member for Investment and Development, the Section 151

Officer and the Legal Officer to deal with all matters relating to the completion of the disposals set out in recommendations (1) and (2) above.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	Date

The following appendices are attached:

Appendices:

- Appendix 1 – Nordic Urban Site Plan
- Confidential Appendix 2 - Nordic Urban Proposal – Graving Dock Presentation
- Confidential Appendix 3 - Heads of Terms for Nordic Urban
- Confidential Appendix 4 - Site Constraints Report
- Appendix 5 – Skyview Towers Site Plan
- Confidential Appendix 6 - Skyview Feasibility Study
- Confidential Appendix 7 - Heads of Terms for Skyview
- Confidential Appendix 8 - Site Constraints Report
- Confidential Appendix 9 - Valuation Note & Financial Summary