

CABINET MEETING: 19 JANUARY 2023

INTERNATIONAL SPORTS VILLAGE

INVESTMENT & DEVELOPMENT (CLLR RUSSELL GOODWAY)

AGENDA ITEM:6

Appendices 2-3 & 5-13 of this report are not for publication as they contain exempt information of the description contained in paragraphs 14, 16 and 21 of Schedule 12A of the Local Government Act 1972.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 International Sports Village development.
2. To approve in principle the proposed disposal strategy for the residential and commercial development opportunities at the International Sports Village.
3. To approve the Outline Business Case for completion of the sport and leisure attraction and associated infrastructure at the International Sports Village.

Background

4. In March 2021, the Council published a new vision for the completion of the International Sports Village (ISV) setting out a renewed commitment to deliver a vibrant waterfront residential district and a consolidated sports and leisure destination of outstanding quality to support the Council's ambition to establish Cardiff Bay as a leading UK urban visitor destination (see Appendix 1).
5. The new masterplan has reframed the proposed land use allocation across the site placing high value residential and commercial uses along the Bay and river frontages with the proposed new leisure uses clustered around the existing leisure facilities away from the water's edge. As part of this new vision, authority was granted for the Council to acquire the Greenbank Partnership Ltd land holdings to establish full control of the whole International Sports Village development site.
6. Implementation of the new strategy for the ISV has required several sequential steps to be taken, authorised by successive Cabinet decisions, as follows:
 - March 2021 - Cabinet approved in principle plans to deliver a new purpose-built Velodrome at the ISV. Authority was granted to complete a business case for the Velodrome including the appointment of professional advisors, procurement of a contractor and the development of a planning

application. Authority was granted to undertake a soft market testing exercise for the delivery of a car parking solution for the site and to secure tenants for a refurbished Toys 'R' Us building. Cabinet also considered the future operation of the site and gave authority for an Outline Business Case to be developed.

- July 2021 - Cabinet approved the Outline Business Case for the new Velodrome and allocated the budget required to complete its delivery, subject to final approval of a Full Business Case. A contractor was subsequently appointed to assist with the development of detailed designs and cost as part of the work to prepare a Full Business Case.
- September 2021 - Cabinet authorised the acquisition of assets owned by Greenbank Partnership Ltd including the Ice Arena to enable the development agreement with Greenbank Partnership Ltd to be terminated. The assets were to be acquired in 2 phases with full completion by 31st December 2022.
- March 2022 - Cabinet approved a further iteration to the development masterplan to include the land being acquired from Greenbank Partnership Ltd. Authority was also granted to undertake a soft marketing exercise to develop a disposal strategy for the residential and commercial land. Cabinet also provided authority to extend the scope of the Full Business Case for the proposed new velodrome to include the proposed Closed Loop circuit, public realm and associated infrastructure works'

7. The Planning Application for the proposed new Velodrome was approved in March 2022.

Issues

8. The International Sports Village development has been plagued by delays and this has created significant uncertainty for potential investors and for local residents. The Council has now provided a clear plan for the completion of the development and has secured control of all of the required land. It is now essential that the development progresses in a timely manner to provide confidence to potential investors and certainty to local residents. This report seeks a number of approvals from Cabinet to enable the recent momentum to be maintained.
9. The Council has recently completed the acquisition of the Greenbank Partnership Ltd assets including the Ice Arena. The acquisition of these assets has required the Council to enter a short-term borrowing arrangement on the basis that the capital outlay would be recovered quickly through the subsequent disposal of plots for development. The Council's strategy was to acquire these assets in two phases. This would provide an opportunity for receipts to be earmarked before the second installment was paid. To avoid a fire-sale of land and to ensure that the ISV development is brought forward in a coherent way that can deliver a high-quality neighbourhood, the Council is now proposing a more coordinated disposals strategy as set out in this report. It will mean the recovery of capital receipts will be delayed, and the project will therefore continue to incur costs associated with short-term borrowing until such a time as the disposals are completed and the capital receipts recovered.

The onus is therefore on the Council to progress the development quickly to reduce cost and maximise the amount of capital available to be invested back into the site.

10. The Velodrome proposal forms a key part of the plan to complete the leisure destination. The Council has secured planning permission for the development and is part way through the completion of a Full Business Case. The development however relies on a capital contribution from the Council's Education Department linked to the delivery of an expanded Cathays High School. The new Velodrome project will progress once the land arrangements relating to the delivery of the high school are concluded.

Disposal Strategy

11. The Council has appointed property agents to undertake a soft marketing exercise to establish investor interest in the site. The exercise sought interest in the acquisition of individual plots as well as interest to bring forward development through a more holistic approach. The disposal of individual plots would enable a quick recovery of capital, whereas the development of the site through a master developer approach would oversee the disposal of plots in a coordinated way to ensure the wider site infrastructure such as public realm, energy solutions, highways requirements and public open space is delivered in a coherent and deliverable manner alongside a requirement for capital receipts.
12. The formal marketing of the development opportunities on the ISV site commenced in September 2022 and concluded with bids received in early December 2022. The Council received several expressions of interest and offers both for individual plots and for the role of master developer as set out in Confidential Appendix 2.
13. Confidential Appendix 2 sets out 3 key strategies for disposal based on the response to the market exercise as follows:
 - (1) Appointment of individual bidders for plots 1-4 based on 6 bids received.
 - (2) Appointment of a master developer based on 2 full bids received.
 - (3) A hybrid of the above - appointment of a master developer whilst also seeking to capture the best offers for individual plots.
14. The Council's appointed agents recommend the hybrid approach (set out as (3) above) and have recommended The Watermark Consortium as the preferred bidder based on their substantial vision for the site, their knowledge and history of the site, their commitment to achieving the Council's capital receipt requirements including their willingness to work to secure the best bids for individual plots and their strong commitment to achieving the Council's One Planet, carbon zero goals. The Watermark Consortium is formed of a number of entities which includes Orion Land. Orion Land were appointed as the original developer of the ISV site and were responsible for delivering the original remediation and infrastructure strategy including the revetment walls and a number of the existing developments on site including the International Pool and the Morrisons development. Their involvement in the consortium

provides significant in-depth knowledge of the site and its associated constraints. An overview of the offer from The Watermark Consortium is attached at Confidential Appendix 3.

15. The hybrid approach provides the best opportunity to ensure a coherent and co-ordinated delivery strategy, whilst also securing an early start on site and early capital receipts for the Council. The offers requiring further consideration relate to the following plots illustrated in the marketing brochure attached at Appendix 4 and detailed in the agent's report at Confidential Appendix 2.
 - a. Plot 1 - retirement living.
 - b. Plots 2-4 - low-rise residential.
 - c. Plot 9 – Park & Ride facility

If this disposal strategy is accepted by Cabinet, the target will be to negotiate terms of an agreement and to return to Cabinet for final approval in March 2023.

Velodrome Update

16. Following the award of planning permission in March 2022 work has continued to develop the Full Business Case. The scope of the business case now incorporates the proposals for a Closed Loop Circuit and the wider infrastructure required to deliver a destination as approved by Cabinet in March 2022. The Full Business Case will be presented to Cabinet once the land arrangements relating to the Cathays High School site are progressed.
17. In the meantime, the Council continues to work to develop the detailed design of the proposed new facility to inform the Full Business Case. A track design specialist has been appointed and engagement continues through the technical working group represented by track cycling specialists and users. Work has been undertaken to consider the design features at a range of outdoor velodromes across the UK and abroad to inform the final designs.
18. A full review of the development strategy for the proposed new Velodrome was completed in June 2022. This presented an opportunity to enhance the ancillary provision that was originally planned to be specific to the Velodrome and instead will now align to the wider range of sporting facilities available and proposed for the ISV. The result is a proposal to deliver a Central Performance Hub that will support the development of athletes across several sports. The Hub is proposed to be allocated approximately 9,000 sq ft within the Toys R Us building (which totals 40,000 sq ft).
19. The proposal to locate the Central Performance Hub within the Toys R Us building rather than building a new bespoke building required a minor planning amendment via Section 73. An application was submitted in August 2022 and was approved in December 2022.

Operator Strategy

20. In March 2021, Cabinet recognized the importance of securing appropriate organisations to operate the various proposed new sport and leisure facilities for the ISV and provided authority to develop an operator strategy. Securing

operators is an important step in the development of a Full Business Case as it provides certainty of costs and income for the Council, committed through lease agreements.

21. To develop an Operator Strategy a PIN Notice was issued in September 2021 with the aim of identifying any parties interested in engaging with the Council. Extensive due diligence regarding proposed operating models was undertaken and subsequently reported to Cabinet in March 2022.
22. In September 2022, the Council undertook a market exercise to seek offers from organisations interested in operating the facilities proposed for the ISV to provide assurance of the future operation model, in particular the Ice Arena and the proposed new Velodrome. Four bids were received in writing.
23. These bids have been the subject of a robust evaluation and clarification process administered by appointed independent agents. The Council has received a recommendation to progress dialogue with a preferred operator for the Ice Arena (Wales) and a preferred operator for the proposed new Velodrome, as set out in Confidential Appendix 5. Further negotiations are required with these parties to refine and agree the detailed terms of lease agreements. As part of this, the Council will need to confirm arrangements relating to the proposed new universal booking system (set out below) and the introduction of a new service charge arrangement covering all facilities at the ISV (also set out below).
24. The Ice Arena is now in the full ownership of the Council. It is therefore proposed to move quickly towards the completion of a lease agreement with the preferred bidder to establish a sustainable future for the facility. The preferred bid for the Ice Arena seeks to support the long-term operation of the Ice Rink by making better commercial use of the area that was previously set aside for a second ice pad. This area has not been used consistently as a second pad for some years due to the significant energy costs associated with keeping an ice pad properly chilled. The recent energy crisis has exacerbated this issue making the prospect of re-establishing a second ice pad commercially unrealistic. The proposal is for the area to be converted into an alternative family leisure attraction including a bespoke '*clip & climb*' facility aimed at attracting children and young people to the ISV. The intention is for the area to be sub-let to a specialist operator to establish certainty of income. The proposal for the 2nd pad will have the dual effect of reducing operating cost and increasing income and thereby meeting the Council's clear criteria of the Ice Arena having to operate without any requirement for subsidy from the Council. Details of the proposed new family attraction are attached at Confidential Appendix 6.

Management Organisation

25. The work to develop an Operator Strategy as set out in Confidential Appendix 5 recommends that the Council establishes a Management Organisation (MO) to ensure that the sport and leisure facilities and the general environment of the ISV are well maintained and fit for purpose.
26. The exact nature and constitution of this organization is yet to be determined and will require further due diligence through the development of an Outline

Business Case. It could simply be managed from within the Council, or via an arm's length vehicle owned by the Council. The pros and cons including VAT implications and the rates implications of the various approaches will need to be considered. The principle however is that the Management Organisation will secure income from each sport and leisure facility based on visitor numbers. This income will be used to fund a range of landlord responsibilities taking these responsibilities away from the operators of individual facilities. The system will be implemented through a new universal booking system across all facilities and a service charge applied based on visits to a facility (as set out below).

27. This proposed approach will require a different lease approach to the norm. It will require a move away from Full Repairing and Insuring Leases (FRI) to Internal Repairing Leases where the operator only has responsibility for the internal up-keep of the property and facilities. The Management Organisation would assume landlord responsibility for all external maintenance and repairs. The Management Organisation would also take on responsibility for site cleaning and maintenance, site security, site management and marketing and promotion of the whole venue etc.

Maintenance and Service Charge

28. To ensure the financial sustainability of the various facilities operating at the ISV a maintenance programme reflecting the unique nature of each facility and the differing maintenance and lifecycle costs will be put in place. The responsibilities for each operator will be set out in the Internal Repairing Lease arrangements and the Management Organisation will prioritise works to the external parts of the buildings and for the public open space (see Confidential Appendix 5).
29. A service charge will be implemented at each facility to cover the external maintenance costs and will be secured through a centralised booking system. The advantage of this approach is that the fee drawn down by the MO will reflect variations in operational peak times, range of events, periods of popularity and growth. Equally, each facility will have different running costs and lifecycle demand and this approach will create a service charge that works for each facility and that is fair across the entire site.
30. The key function of the Service Charge and Management Organisation is to cover all costs associated with the maintenance and management of the sporting and leisure infrastructure within the ISV including the public realm and to maintain a high standard. This is to ensure that the facilities are well maintained and operate together as a destination, optimising use for events, to ensure the ISV becomes a significant leisure destination in its own right.

Booking System

31. As part of the due diligence undertaken relating to the implementation of a Management Organisation the requirement for an overarching booking system was identified to enable a coordinated, cohesive approach to delivering a top quality destination. The booking system is the financial and management tool required to enable the effective implementation of the service charge approach on the individual facilities of the ISV including the Cardiff International Pool,

CIWW, Ice Arena, Velodrome, Closed Loop the revamped Toy R Us Leisure Box and any subsequent sporting, leisure and retail developments.

32. Research has been undertaken into a broad range of systems and a suitable platform has been identified. Details of the research and the associated options appraisal is attached at Confidential Appendix 7. The recommended platform has the capability to support an omni-channel system so that all the specialist venues across the ISV can retain their individuality whilst benefiting from a cohesive, supportive system that assists with the monitoring and maintenance of the facilities as well as the wide range of booking functions that are required across the site (see Confidential Appendix 8).

Outline Business Case - Leisure Destination

33. Further to the Cabinet decision in March 2022, a review of the Closed Loop Circuit proposal has been prepared by independent advisors, attached at Confidential Appendix 9. The review outlines the revenue opportunities relating to the proposal and its associated infrastructure.
34. Confidential Appendix 10 presents an Outline Business Case for the completion of the leisure destination, including related infrastructure, but not including the new Velodrome proposal as this has already been considered up to the OBC stage. This OBC contains a breakdown of the costs and capital and revenue opportunities for the following:
 - a. Infrastructure requirements to enable the completion of the leisure destination and to optimize the disposal strategy to maximise land receipts.
 - b. The Closed Loop Circuit and the public realm enclosed within for sporting and leisure users.
 - c. Container based retail opportunities associated with the Closed Loop Circuit.
35. The OBC demonstrates the viability of the proposals and their importance to delivering the Council's broader vision for the site. The Council's intention is to bring forward a single Full Business Case covering all of the investment required to complete the leisure destination, including the new Velodrome proposal, and to enable the disposal strategy.
36. Bringing forward the development of the leisure destination as a whole will deliver economies of scale for the Council and should have the effect of accelerating the regeneration of the wider area including the residential and commercial development by providing strong confidence to the market that the development will be fully completed in a reasonable timescale.

Energy Strategy

37. The Council is committed to delivering a high quality development that helps to promote and deliver the Council's One Planet Cardiff strategy commitments. The approved masterplan for the ISV presents a unique opportunity for a holistic approach to energy provision across the site based on new green

renewable energy sources. The current service infrastructure on site is in need of comprehensive upgrading to support the significant increase in development capacity proposed on the site. The large format leisure assets such as the International Pool, the Ice Arena and CIWW are also feeling the current energy crisis more acutely than other businesses given their scale and the nature of their operation and all have faced significant increases in energy costs over recent months. An illustration of the projected increase in energy costs associated with the International Pool is provided at Confidential Appendix 11. Similar projections can be applied to each of the major leisure assets. A new 'green' sustainable approach to energy provision across the ISV will not only provide an environmentally responsible development but could also be of huge financial benefit to both the proposed residential and commercial development and the leisure facilities.

38. The Council has worked with specialist consultants to consider an exciting Energy Strategy to ensure the ISV development meets the Council's ambitions and also provides an affordable and sustainable long-term energy solution for both residents, businesses and the major leisure attraction located on site. The strategy considers a range of solution including solar, wind and heat recovery from air, ground or water and is set out in Confidential Appendix 12.
39. It is anticipated, for the Energy Strategy to be deliverable and sustainable over the long term the Council will need to require each of the various developments brought forward through the disposal strategy to be linked-in to a single joined up plan.
40. The report attached at Confidential Appendix 8 represents a Strategic Outline Case for an energy solution for the site. The Council now needs to develop an Outline Business Case to consider the investment options for delivering the strategy. This will consider options for Council investment against options for private investment and/or a combination of both. As part of this the Council will continue recent discussions with Welsh Government to determine eligibility for capital funding to support implementation of the plan.

Park & Ride

41. The delivery of a new Park & Ride facility providing quick access to the city centre and Cardiff Bay is an important feature of the new ISV masterplan. The proposal is to deliver a multi-storey car park (MSCP) to consolidate the extensive surface car parking currently available on-site, to free up land for development, and at the same time providing regular and quick bus services to the city centre and the Inner Harbour. The ISV site lends itself to a Park & Ride facility given its proximity to the city centre and the Inner Harbour as it can provide sustainable travel options such as cycling and walking in addition to improved public transport connections. In more practical terms, the Park & Ride facility will also help to address some of the long-standing concerns of existing local residents and businesses seeking a managed parking provision that deals with the typical peaks seen at the ISV for events, and also removing the ability for the current free surface car parks to be used as public open space, which results in additional issues such as littering and anti-social behavior.

42. There is currently provision for circa 600 surface spaces between the Ice Arena (license) and the International Pool car park (lease) with an additional circa 400 spaces provided at the Toys R Us site. At present there are no charges for parking at the ISV except for occasions when events are held on-site, such as Cardiff Devil Ice Hockey matches. The Council has undertaken a soft market testing exercise to consider the market appetite and commercial feasibility of delivering a new MSCP on Plot 9. The proposed new provision would consolidate the current circa 1000 spaces into a multi storey car park providing for the whole ISV site including the proposed new leisure facilities, the proposed food and beverage facilities, and the Park & Ride facility. However, there will be a need to introduce parking charges to fund delivery of a new MSCP.
43. The next step will be to prepare an Outline Business Case. This will consider the delivery method, i.e. whether it should be Council funded or privately funded, the cost of construction, and the income required to fund the development. Consideration of the options for a charging regime will therefore be a key part of this work. Initial engagement has also confirmed that further consideration must be given to the specific requirements of leisure users particularly where users make multiple visits per week to a facility or are required to park for extended periods of time. For clarity, there are no plans to introduce charges to the current surface car parking arrangements.

Consultation

44. A formal consultation on the ISV Masterplan was undertaken in December 2021/January 2022 and the results were presented to Cabinet in March 2022.
45. There has been ongoing engagement with local residents of Cardiff Pointe and as the disposal strategy progresses, they will be invited to engage further. Local residents have also engaged through the planning process and have shown particular interest in the public open space proposals and the principle of developing the area as a neighbourhood.
46. With regards to the proposals for new sport and leisure facilities, a range of sports have been represented on the Council's technical working group for both the new Velodrome and the development of the wider site, including the Closed Loop. In addition to this, several stakeholder meetings and site visits have taken place to update and inform stakeholders of progress and feedback and to inform the design process of the wider site.
47. As the development strategy has expanded, the project has sought to broaden the representation on the technical working group to ensure the best possible engagement in the development of the sports facilities. This has been done in collaboration with the Governing Bodies, who have been able to assist in reaching out to all the associated sports clubs across Wales.

Scrutiny Consideration

48. This report will be considered by the Economy & Culture Scrutiny Committee on 18 January 2023. Any comments received will be circulated at the Cabinet meeting.

Reasons for Recommendation

49. To enable the International Sports Village development to move to the next phase.

Financial Implications

50. Cabinet previously approved an updated masterplan for the International Sports Village in March 2022, including providing Cabinet authority for the development of a Full Business Case and submission of a planning application for the combined cycling facilities including Velodrome and Closed Road Circuit. Estimated costs of proposed works required to progress to next stage of developments covered within this report, including any further business case and/or due diligence works required before Cabinet can take final decisions on each scheme, are set out in Confidential Appendix 13, as well as the various funding sources for these. Cabinet should satisfy themselves the current business cases are likely to be deliverable before agreeing to incur further costs to progress to the next stages.
51. This report seeks approval of the proposed ISV disposals strategy in line with the independent advice attached as Confidential Appendix 2, as well as delegated authority to develop detailed Heads of Terms with the master developer to be approved at a future Cabinet meeting. As set out in paragraph 9 of this report, the timing of land disposals will be an important factor for the Council to consider, with the capital receipts associated with these land disposals required to fund the delivery of other facilities within the approved International Sports Village masterplan.
52. The onus therefore remains with the Council to progress the land disposals strategy quickly, balancing the issue of continued holding costs of the site against the optimisation of capital receipts and certainty of delivery to achieve Council objectives. The recommended hybrid approach set out within this report and Confidential Appendix 2 is intended to support realisation of some initial capital receipts during 2023/24 financial year, which if achieved would help manage cashflows and unlock funding for the wider site development proposals, including some of the schemes set out within this report.
53. This report is seeking approval in principle for a new operating strategy that would require a fundamental change to the way in which Council leases its assets at ISV. As set out in paragraph 27, this would involve a move away from the fully insured and repairing leases currently in place with existing tenant leases, which essentially pass all the repair and maintenance liabilities for a building to the tenants, towards an internal repairing lease arrangement whereby the tenant only has responsibility for the internal upkeep of the property and facilities, and would essentially be transferring the risk and liability for external fabric of building and public realm to a new Management Organisation.
54. In exchange for the reduced level of repair and maintenance responsibilities, tenants will instead agree to pay a service charge to a new Management Organisation who would then assume control and responsibility for external building repairs and maintenance, as well as maintaining the public realm areas around ISV, all expected to be funded via new service charges. It will be

important for the Council to ensure a fair and suitable balance is struck when negotiating future service charges with tenants to cover the legitimate risks and cost liabilities being incorporated into the new Management Organisation, which is likely to be run by the Council initially, to ensure the Council can fully cover its costs. This will be considered through an Outline Business Case to be presented back to a future meeting of Cabinet.

55. Agreement in principle to introduce a charging strategy for the potential Multi-Storey Car Park is set out within the recommendations to this report, with the commercial feasibility of this approach to be further tested as part of the development of an Outline Business Case, approval for which is also being sought as part of this report. More detailed financial implications will be provided on this, as well as any evaluation of potential delivery options for the proposed car park, once more detailed proposals are brought forward for consideration.
56. The Council has recently completed the acquisition of the Greenbank Partnership Ltd assets including the Ice Arena, with the existing lease arrangement remaining in place with the existing tenant to continue operating the Ice Arena in the short-term. A new long-term lease is currently being negotiated, with this report recommending the appointment of a preferred long-term operator for the Ice Arena as set out in Confidential Appendix 5, although this appointment remains subject to completion of suitable legal agreements, as well as suitable commercial terms, including a requirement that the Ice Arena will operate with no form of financial subsidy by the Council. This objective will be assisted by the proposals to make better commercial use of the second ice pad, details of which are set out within this report and in Confidential Appendix 6.
57. Approval of the preferred operator for the Velodrome must remain subject to detailed and complete financial, legal and procurement due diligence taking place. This will include a review of a business plan from the preferred operator, as well as the commercial and legal terms of the proposed lease. Final terms will be included within a Full Business Case to be presented back to a future Cabinet meeting and will include details of both the preferred operator's for the Velodrome and proposed Closed Loop Circuit, as well as the necessary sporting infrastructure required to develop these facilities. More detailed financial implications will be provided once these more comprehensive proposals are brought forward for consideration within a solidified business case at a future Cabinet meeting.
58. Careful consideration will need to be given to the VAT implications of these proposals due to the tax status of the International Sports Village sites. The Council opted to tax this land as part of the original International Sports Village development, with specific VAT advice provided at the time setting out a range of potential uses and categories of suitable partner organisations for these sites, as well as some restrictions in order to protect the Council's VAT partial exemption position. Further detailed VAT advice will be required on specific proposals for the future operation of these facilities as they are brought forward to Cabinet which must be taken into account in a timely manner during the decision-making process.

59. A business case led approach will be utilised with more detailed individual scheme proposals expected to be brought forward to Cabinet for review and approval in due course. More detailed financial implications will be provided as and when these detailed proposals are brought forward, with clear funding strategies needing to be identified to implement these proposals.

Legal Implications

60. In connection with property matters Section 123 of the Local Government Act 1972 enables the Council to dispose of land "in any manner they wish", provided that best consideration is obtained. The Council's Acquisition and Disposal of Property Procedure Rules require the Council to have regard to the Council's valuer.
61. The Cabinet must also make its decision having due regard to the Council's public sector equality duties pursuant to the Equality Act 2010 (including specific Welsh public sector duties). This requires the Council, in the exercise of its functions, to 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. The protected characteristics are: age, gender reassignment, sex, race - including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief. If the recommendations in this report are accepted and when any alternative options are considered, the Council will have to consider further the equalities implication and an Equality Impact Assessment may need to be completed.
62. An Equalities Impact Assessment has been undertaken and is appended to this report and will be updated as the proposals described within this report, are developed.
63. 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.
64. 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 well-being objectives are set out in Cardiff's Corporate Plan 2022-25.
65. The well-being duty also requires the Council to act in accordance with the '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 comprising 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 integrates approach to achieving the 7 national well-being goals;
- Work in collaboration with others to find shared sustainable solutions; and
- Involve people from all sections of the community in the decisions which affect them.

66. The Cabinet 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 here:

<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

67. The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language.

HR Implications

68. There are no direct HR implications for the Council arising from the recommendations in this report.

Property Implications

69. All property implications are described within the report. Where there are property transactions or valuations required to deliver any proposals, they will be done so in accordance with the Council's Asset Management process and in consultation with Strategic Estates and relevant service areas, as well as supported by appropriate professional advice.

RECOMMENDATION

Cabinet is recommended to:

- 1) Approve the disposal strategy as set out in this report in line with the independent advice attached at Confidential Appendix 2 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 develop detailed heads of terms to be approved at a future meeting of Cabinet.
- 2) Approve the preferred operator for the proposed new Velodrome facility at the International Sports Village as set out in Confidential Appendix 5 subject to the detailed due diligence set out in this report and authorise the development of a Full Business Case for the whole leisure destination including associated infrastructure in line with the costs set out in Confidential Appendix 10 and as part of this provide authority to identify an appropriate operator for the Closed Loop Circuit.
- 3) Approve the preferred operator for the Ice Arena as set out in Confidential Appendix 5 including the proposal for the family attraction as set out in this

report and illustrated in Confidential Appendix 6, 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 conclude suitable legal and commercial terms in line with the criteria set out in this report.

- 4) Note the Strategic Outline Case for the Energy Strategy for the International Sports Village attached as Confidential Appendix 12 and approve the development of an Outline Business Case to be presented back to a future meeting of Cabinet.
- 5) Approve in principle the proposal to establish a single management organisation for the leisure destination at the International Sports Village and authorise the preparation of an Outline Business Case in line with the strategy set out in this report and Confidential Appendices 5, 7 and 8.
- 6) Approve the development of an Outline Business Case to consider the options for delivery of the proposed Multi Storey Car Park including an agreement in principle to the introduction of an appropriate charging regime to be approved as part of a Full Business Case to be presented to a future meeting of Cabinet.
- 7) Approve the budgetary spend set out at Confidential Appendix 13 to enable the development of the various Business Cases proposed in this report and to enable the submission of planning applications as required.

SENIOR RESPONSIBLE OFFICER	Neil Hanratty Director of Economic Development
	13 January 2023

The following appendices are attached:

Appendices

- Appendix 1 – ISV Masterplan
- Confidential Appendix 2 - Disposal Strategy (Interim Report)
- Confidential Appendix 3 - Watermark Consortium – Vision Statement
- Appendix 4 - Marketing Brochure (Disposal Strategy)
- Confidential Appendix 5 - Operator Report
- Confidential Appendix 6 - Ice Arena Proposal
- Confidential Appendix 7 - Booking System - Options Appraisal
- Confidential Appendix 8 - Booking System Proposal
- Confidential Appendix 9 - Review of the Closed Loop Circuit Proposal
- Confidential Appendix 10 - Outline Business Case – Leisure Destination
- Confidential Appendix 11 - Parkwood Energy Projections
- Confidential Appendix 12 - ISV Energy Strategy (Strategic Outline Case)
- Confidential Appendix 13 - Funding Proposal for Business Case Development
- Appendix 14 - Equality Impact Assessment