



9 MARCH 2020

---

## INVESTMENT FRAMEWORK REPORT & INVESTMENT PANEL RECOMMENDATIONS – ADVANCING METRO CENTRAL

### REPORT OF THE CCR DIRECTOR

#### AGENDA ITEM 6e

---

*Appendices 2 (Weston Williamson Report), 3 (Outline Business Case) and 4 (Letters of funding Commitment) to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

#### Reason for this Report

1. To provide an update on the Metro Central project and to set out the ask of the scheme promoters, Welsh Government and Transport for Wales, for up to £4m funding contribution towards the c£10m cost of completing essential design specification and technical requirements, which will inform and shape a programme-level Full Business Case.

#### Background

2. In January 2018, the Cardiff Capital Region City Deal Cabinet agreed in-principle to set-aside £40m of City Deal funding to support the redevelopment of Cardiff Central Station on the basis that match funding would be forthcoming from the UK Government, Welsh Government and the private sector and subject to a Full Business Case. On 22 July 2019, the UK Government announced a similar in-principle funding contribution of £58.3m. Welsh Government has also agreed to contribute £45m and the adjacent landowners are developing associated commercial proposals that will represent an investment of similar proportions. It should be noted that these figures are illustrative and subject to confirmation through ongoing business case testing, procurement and development.
3. Metro Central is a critical component of the overall South Wales Metro programme. Its capacity determines the overall capability and resilience of the network, and is also the sole connection between the Great Western Mainline and the Core Valley Lines. As such, the ability of the station to deal with increased patronage is fundamental to the future success of city-region infrastructure, and its ability to achieve dispersed and inclusive growth across the CCR.

4. A detailed governance structure (the Metro Central Delivery Partnership) has been established to oversee the development of the project including representatives from Cardiff Council, Welsh Government, Transport for Wales, Network Rail, the private sector, and in recent weeks has extended to include officers from the City Deal.
5. At the Cabinet meeting of 15 January 2018, it was agreed in principle to allocate £40m of City Deal Investment Fund capital towards delivery of the Metro Central project as outlined in this report, subject to:
  - 1) Discharge of the JWA Business Plan reserved matter;
  - 2) Formal approval of the Full Business Case by the City Deal Cabinet in accordance with the City Deal Investment Fund Assurance Framework and full consideration by the appropriate advisory bodies and sub-committees;
  - 3) Completion of the GRIP and WelTAG processes; and
  - 4) Commitment to match-funding from Welsh Government, UK Government and the private sector as outlined in this report.
6. Subsequently a request for a City Deal funding contribution of £100,000 was approved by the Cardiff Capital Region City Deal Cabinet in October 2019 to assist with the development of architectural proposals based on the initial feasibility studies undertaken by ARUP – the Weston Williamson work (Appendix 1). This work was required to test the deliverability of the initial feasibility work as part of setting the context and developing the brief for the detailed Full Business Case work required to satisfy the UK Government investment and the proposed full investment to be made by City Deal.
7. The commitment of £100,000 by the Cardiff Capital Region City Deal Cabinet was also considered by the City Deal Investment Panel prior to its approval. In their consideration, the Investment Panel also sought for further information to be provided following approval and in anticipation of the final consideration of the full funding of the project. These considerations, also endorsed by Regional Cabinet, included:
  - *Additional information to be appended to the current OBC to respond to the City Deal Requirements and demonstrate the case for the wider elements of the scheme (beyond rail) for which City Deal funds are sought – a programme-level case.*
  - *Confirmation of the DfT conditions for future investment.*
  - *Ensuring that the Cardiff Capital Region feature in governance arrangements.*
  - *Clarification of the overall funding envelope, including a summary of:*
    - *Total estimated cost (split across pre and post FBC approvals)*
    - *Funding split for each partner (for each phase)*
    - *Status of funding approval (for each partner)*
    - *Costs incurred to date (for each partner)*

- *Re-run cost benefit ratios relating to the above and low and high growth scenarios related to City Deal Requirements*
  - *Assessment of ROI and basis on which investment is sought*
  - *Re-submission of SIFT questionnaire to capture as much of the above as is practicable at this stage and present as one case*
  - *Further elaboration of plans for sustainability, wellbeing and low carbon*
8. A full response to the considerations set out above can only be provided by the Full Business Case (FBC) as this will confirm detailed proposals with associated detailed cost estimates based on procured solutions. At this stage in the process the proposals remain indicative and therefore the considerations can only be partially addressed. However, it is clear from wider developments and the broadening scope of this complex and multi-faceted public-private scheme, a FBC must be at programme level (as opposed to merely at individual project-level) and give consideration to all elements of the scheme – in order to independently inform the basis upon which City Deal investment is made; the outcomes it will contribute to; and how benefits and momentum is captured and shared by all partners. This is particularly key in the light of City Deal Requirements around jobs, growth, private leverage and the types of ROI that might be delivered.

## **Summary of the Proposal**

9. The January 2018 report outlined and approved the strategic case for the Metro Central project, predicated on a number of key tenets, namely:

### Transport Infrastructure Requirements

10. Cardiff Central is of critical importance to the regional transport network. It is the only interchange station between the Core Valley Lines (CVL) and the UK inter-city mainline. The station handles around 13 million entries and exits per year, almost six times as much as Cardiff Queen Street which is the second most used railway station in Wales. Recent growth in passenger use has led to the station regularly operating at capacity, or close to capacity. During major event days capacity is regularly exceeded, requiring restrictions to enable the station to operate safely.
11. Passenger numbers are predicted to continue to grow into the next decade and beyond. By 2023 growth is expected to reach 22 million entries and exits, rising to 32 million by 2043. It is predicted that the station will exceed capacity on a daily basis by the mid-2020s, resulting in restrictions becoming a much more regular feature. This will effectively restrict growth of the Metro network and hold back the economic potential of the Cardiff Capital Region. In simple terms, an increase to the capacity of the station for trains and passengers is required to support the future growth and sustainability of the Core Valley Lines, and to ensure full realisation of the potential for economic growth across the region.

### Private Sector Leverage

12. Historically, the expansion of Cardiff city centre has been constrained by the main east-west railway line. In recent years, significant progress has been made to assemble a series of regeneration projects, through public private partnership and concerted land assembly initiatives that have the potential to penetrate the main railway line and mobilise the expansion of Cardiff city centre towards Cardiff Bay. It is estimated that the overall regeneration potential of these key regeneration projects has the capacity to deliver circa 5,000,000 ft<sup>2</sup> of commercial development, comprising:
  - Central Square (1,000,000 ft<sup>2</sup>)
  - Central Quay (1,000,000 ft<sup>2</sup>)
  - Dumballs Road (1,000,000 ft<sup>2</sup>)
  - Callaghan Square (1,000,000 ft<sup>2</sup>)
  - Capital Quarter (500,000 ft<sup>2</sup>)
  - St David's Square (500,000 ft<sup>2</sup>)
13. In total, this amount of commercial development space has the potential to convert into more than 30,000 jobs over the next 10 – 15 years, leveraging in excess of £2bn of Gross Development Value, and over £1bn of GVA. This is significant component of the overall scheme and further evidences why a programme level Full Business Case is necessary in order to be clear about the benefits and opportunities CCR is helping to catalyse.

### Regional Impact

14. The regional reach of Metro Central is potentially greater than any other regional project given its position at the heart of the Metro development and the quantum of jobs it can provide for the city-region. This is also backed up by current evidence that shows that commuters using Cardiff Central are four times as likely to live outside the boundaries of Cardiff as within them. Furthermore, the premise of Metro Central is also to drive regional business growth through improved connectivity with the national rail infrastructure. As the sole connection between the Core Valley lines and the national rail network, Metro Central would therefore act as one of the city-region's key means of connectivity with the rest of the UK.

### Modernisation of Cardiff Central Train Station

15. The fundamental elements of the project remain as was presented in the 2018 Cardiff Capital Region Cabinet Report, are set out below. Regional Cabinet has been clear that any investment it might make, will be on core infrastructure facilities that will drive regional benefits – not on public realm and environmental enhancements in the immediate locality.
  - Alternatives entrance/gateline locations
  - Platform 0
  - Vertical transportation (VT) alternatives
  - North-South unpaid alternatives
  - Commercial opportunities

- Roof enclosure
- Back of House /Servicing
- Intermodal links
- Public realm/landscape

## **Project Update**

16. The January 2018 report outlined that the Metro Central project is a complex proposition that will need to involve a broader range of partners. It is clear that the scale of improvements required to modernise Cardiff Central Station and to make it safe and fit for purpose will require a significant contribution from Welsh Government and the UK Government in addition to contributions from the Cardiff Capital Region City Deal and the private sector. Unlocking rail related investment from UK Government requires a series of submissions to be made through the formal and detailed Governance for Railway Investment Project (GRIP) process. Similarly, it was outlined that any Welsh Government contributions will require submissions through the Welsh Transport Planning and Appraisal Guidance (WeITAG) process.
17. The initial stage for both of these processes (the Strategic Outline Case) was jointly commissioned by Cardiff Council, Welsh Government and Rightacres Property Ltd as part of the January 2018 report.

## Outline Business Case - Rail

18. Following this, an Outline Business Case was submitted by Welsh Government to UK Government and is attached as Appendix 2 (exempt from publication). This is not a programme-level OBC and focuses only on the rail related component required to improve passenger capacity in the station – so as to inform UK Government investment. This follows HMT Five Case format, and aligns with the 2017 Welsh Transport Appraisal Guidance (WeITAG) and the Transport Analysis Guidance (WeITAG) published by the DfT.
19. As part of establishing the business case, the report defined following strategic objectives for the programme:
  - O1 Implement measures to alleviate crowding and congestion routinely experienced within the railway station, and to accommodate the region's event demand.
  - O2 Develop an enhanced, multi-modal interchange capable of functioning as the Capital Region's principal transport hub and the key station on the South Wales Metro network.
  - O3 Deliver an interchange that provides for the future generations of the Capital Region and Wales, by delivering sufficient capacity to accommodate long-term passenger growth.
  - O4 Enhance the connectedness and quality of access to Cardiff Central Enterprise Zone in a timely manner to ensure key development opportunities are realized.

- O5 Deliver qualitative enhancements that improve the passenger experience and create an interchange fit for the Welsh Capital and the Capital Region
  - O6 Contribute towards improved air quality and help people live low carbon lifestyles by encouraging increased public transport usage and less private car transport.
20. For each objective, the “do something” option was compared against the “do minimum” option. The conclusion of the report’s analysis was that the “do something” will deliver strongly positive results in relation to all of the above objectives, compared to the “do minimum”.
21. For each programme element, the report also analysed the benefits and costs of the “do something” option (delivery of the enhancement programme), compared to the “do minimum” (retention of the existing facilities). Results were analysed and compared on a net present value basis, over the period ending at 60-years post-assumed scheme opening in 2023. In line with standard WelTAG and WelTAG practice, financial values in the Economic Appraisal are expressed in 2010 prices. Table 1 below summarises the results of this exercise.

**Table 1: Economic appraisal – indicative results (£m, 2010 prices, discounted)**

Cumulative values (60 years post-opening)	Low rail growth scenario	High rail growth scenario
<b>I. Rail station enhancement</b>		
Total benefits	44.11	51.38
Total costs	-28.71	-24.27
Net Present Value	15.40	27.12
Benefit to Cost ratio	1.54	2.12
<b>II. New bus interchange</b>		
Total benefits	8.56	9.17
Total costs	-5.62	-5.49
Net Present Value	2.93	3.67
Benefit to Cost ratio	1.52	1.67
<b>III. Improved public realm &amp; interchange areas</b>		
Total benefits	54.60	54.60
Total costs	-25.79	-25.79
Net Present Value	28.80	28.80
Benefit to Cost ratio	2.12	2.12
<b>IV. Consolidated programme summary</b>		
Total combined benefits (I. – III.)	107.26	115.15
Wider benefits (programme-level)	1.48 (lower case)	4.60 (higher case)
Total costs (I. – III.)	-60.13	-55.56
Net Present Value	48.61	64.19
Benefit to Cost ratio	1.81	2.16

22. The results show a benefit to cost ratio of significantly greater than one in both scenarios considered, with a value exceeding two for the high growth scenario.
23. These scenarios were broadly in line with the findings of other reports into the impact of major station regeneration projects, a summary of which is provided in Appendix 3. These reports also emphasised the wider economic impact of such projects.

24. The report further concluded that “The programme will create an integrated transport hub that significantly enhances access to central Cardiff, as well as catalysing further commercial development in the Cardiff Central Enterprise Zone.” It also concluded that “The case for intervention is compelling and urgent. The railway station is already operating at close to capacity, and experiences overcrowding and congestion on a daily basis. Without urgent upgrades the station will be unable to accommodate projected passenger numbers during daily peak periods by the mid-2020s”
25. Further detail on the outcomes of the five case business model are included within the report in exempt Appendix 2.
26. In order to support the further development and progression of programme proposals, the report also outlined a number of recommendations with regard to key aspects of the analysis presented in the report, these include an enhanced analysis of options where a more detailed overall vision is presented. This is consistent with the need for a more detailed and comprehensive view through a Programme-level Full Business Case and must be progressed in order for key evidence to be presented which will inform the requirement for City Deal investment.

#### Securing Funding Commitments

27. Discussions between partners have also run in parallel with the development of the business case, and subsequently on 22 July 2019, the UK Government announced an in-principle contribution of £58m towards the redevelopment of Cardiff Central Station, subject to the completion of the final business plan and other necessary assurances (GRIP studies etc).
28. Furthermore, the Welsh Government have also made a commitment to investing £45m in the wider Metro Central development, comprising £30m towards the bus interchange and £15m towards ensuring that Metro Central is integrated with the wider Metro project through station enhancements.
29. The commitment from UK Government discharges the “Commitment to match-funding from Welsh Government, UK Government and the private sector” requirement to unlock City Deal funding outlined in the Cardiff Capital Region Cabinet Report of 15 January 2018. Together with the private sector contribution the total contribution is expected to exceed £160m in totality – with the true level of investment leverage and opportunity to be evidenced through a programme-level business case.
30. Subsequently two matters outlined in the 15 January 2018 are now outstanding, namely the finalisation of the GRIP and WeITAG processes and the commissioning of a programme-level Full Business Case by programme proposers, TfW and WG which will need to be informed and scoped by CCR, in advance of procurement and subsequently, recommended by Investment Panel to Regional Cabinet for approval.

31. Letters of confirmation of funding are attached as Appendix 4.

### Governance

32. The overall Metro Central Project is currently being overseen by the Metro Central Development Partnership (MCDP), which is formalised through a collaboration agreement that has been signed by the Welsh Government, Cardiff Council, Network Rail Infrastructure Limited and Rightacres Property Co Limited.

33. The partnership covers the wider Central Square development, and as such includes a wider development footprint than the Metro Central development. The shared aim of the partnership is to provide a co-ordinated and managed approach to the redevelopment of the areas of Cardiff Central Station, Central Square and Central Quay in an integrated way.

34. The terms of reference of the MCDP outlines that the purpose of the steering group is to:

- Provide a co-ordinated and managed approach to bring forward the redevelopment of the areas of Cardiff Central Station, Central Square and Central Quay in an integrated way in accordance with the agreed Vision;
- Enable agreement to be reached between the partners on key aspects of Metro Central including scope, funding, timing, consultation, consenting and delivery;
- Ensure that all project partners are engaged, coordinate their input and work together to deliver agreed objectives.

35. The key activities of the MCDP Steering Group are to:

- Agree a Programme of Projects in line with the agreed Vision
- Review submitted proposals, identifying outputs and timing and their development into Projects;
- Ensure the integration of each Project into wider the Vision;
- To monitor progress and endorse decisions made within the governance structures of the members' respective organisations
- Co-ordinate any bids made for public funds for project delivery
- Monitoring the progress of Projects and overall delivery of the Vision;
- Coordinate communications with other stakeholders and the wider public.
- The MCDP Steering Group is not a decision-making body, however actions it may wish to see taken can be agreed as a recommendation that the members may seek to ratify under their respective governance arrangements.

36. As overall scheme proposers, Welsh Government chairs meetings and provides secretariat support. Underneath the Metro Central Development Partnership, there are a number of sub-groups responsible for components of the overall Metro Central project. These groups comprise:

- Stations Alliance Working Group (Short-Term Projects at CCS)
- Commercial
- Metro Central Programme Full Business Case
- South Side Connectivity
- Cardiff Central Interchange Supervisory Board
- Active Travel

37. Membership of these various sub-groups is given in table x below.

**Table 2: Metro Central Working Group Sub-Group membership**

	RAP	CC	WG	TfW	NR	TfW RS	CCR	DfT
Stations Alliance Working Group (Short-Term Projects at CCS)				✓	✓	✓		
Commercial	✓	✓	✓	✓	✓	✓		
Metro Central Programme Full Business Case		✓	✓	✓	✓	✓	✓	✓
South Side Connectivity		✓	✓	✓	✓	✓		
Cardiff Central Interchange Supervisory Board		✓	✓	✓	✓	✓		
Active Travel		✓	✓	✓	✓	✓		

38. It is proposed that in order to ensure that the regional benefits of the Metro Central that a nominated representative of the Cardiff Capital Region is invited to the Metro Central Development Partnership Steering Group.

39. It is also proposed that there is a position for the Cardiff Capital Region on all Metro Central Working Group Sub-Groups, except for the Active Travel group (on the basis that this comprises a local rather than regional issue). A summary of the proposed new governance representative arrangements is provided below.

**Table 3: Metro Central Working Group Steering Group and Sub-Group suggested membership**

	RAP	CC	WG	TfW	NR	TfW RS	CCR	DfT
Metro Central Delivery Partnership Steering Group	✓	✓	✓	✓	✓	✓	✓	
Stations Alliance Working Group (Short-Term Projects at CCS)				✓	✓	✓	✓	
Commercial	✓	✓	✓	✓	✓	✓	✓	
Metro Central Programme Full Business Case		✓	✓	✓	✓	✓	✓	✓
South Side Connectivity		✓	✓	✓	✓	✓	✓	
Cardiff Central Interchange Supervisory Board		✓	✓	✓	✓	✓	✓	
Active Travel		✓	✓	✓	✓	✓		

40. The CCR Director attended MCDP for the first time on 10 February 2020. In seeking clarity about arrangements, sequence and timing of proposals, the following was confirmed:
- WG and TfW are the programme proposers to CCR and will play the lead co-ordination function and have accountability for the programme as a whole
  - The scope of the scheme is broadening to focus on further infrastructure connections and opportunities such as the Cardiff Central to Cardiff Bay, Junction 33 and Coryton.
  - Current plans to commission individual business cases for the various component parts of the wider programme – will not be sufficient for CCR in demonstrating core requirements around leverage, growth and returns
  - That a programme-level Full Business Case should be commissioned by the scheme proposers, to capture all of the benefits, momentum and upside created by the scheme as a whole. This should be closely shaped and informed by CCR in order that full requirements can be met
  - That a recommendation would be brought for consideration to CCR Investment Panel (prior to Cabinet) regarding the finalisation of the design specification/ outstanding GRIP and WelTAG work, recognising this is needed to inform a Full Business Case. However this would be conditional upon a commitment from the proposers that a programme-level Full Business Case would be simultaneously commissioned in order to provide answers to outstanding questions posed by CCR
  - The design work is judged to cost in the region of £10m (10% of total project costs) but final costs will be subject to the outcomes of a full tender exercise. It is proposed that this is made up of >£4m CCR and >£6m DfT. The CCR contribution is deductible from the ring-fenced £40m. This is in light of WG already committing £30m of its proposed £45m for the Bus Interchange.

#### CCR Investment Panel and the Regional Transport Authority

41. CCR Investment Panel has a role in providing advice and assurance to Cabinet around investment proposals. To date it has made an onward recommendation to Cabinet on the £100,000 Weston Williamson work. Conditions were attached to this and were approved by Regional Cabinet relating to gaps in the current picture. These conditions are set out in paragraph 7 above. Cabinet added a further condition around CCR funds being directed into core infrastructure requirements only. Whilst certain conditions have been discharged such as governance representation, it is clear that the main points cannot be addressed until the Full Business Case is produced. The Full Business Case cannot be produced until the design/ GRIP work is complete. However, given the wider scope of the scheme and the commercial interests that feature, it is clear that a project level Full Business Case will not be sufficient. As set out in paragraph 41 above, it is suggested Investment Panel endorses these conditions, in order for a programme level case to be developed that establishes the ask, offer, benefits and potential to meet City Deal Requirements.
42. Additionally, the Regional Transport Authority (RTA) has jurisdiction in relation to informing decision-making on infrastructure schemes capable of delivering

benefits at a regional level. At its meeting on 27 February 2020, the RTA considered the report and made the following comments in respect of:

- i. The need to be clear about the basis on which City Deal investment is made
- ii. The need for clarity about the wider potential of the scheme to deliver wider benefits

43. RTA fully supported the report recommendation to CCR Regional Cabinet.

44. Investment Panel met on 28 February 2020 and considered the report comprehensively. Investment Panel recommended that the conclusions drawn were appropriate and reinforced the need for a programme level full business case in order to capture full benefits and value of the scheme, including potential for ROI. This was further endorsed by both the Regional Economic Growth Partnership and the Programme Board/Chief Executives group which also met on the same day.

#### Clarification of Investment

45. The total estimated cost of the Metro Central development is £185m, of which £30m is a contribution towards the new bus interchange; and £155m is a contribution towards the improvements to Central Train Station. This funding is split across:

- Bus Interchange (£30m)
  - Welsh Government (£30m)
- Central Train Station (£155m)
  - City Deal (up to £40m) - repositioning of north concourse; weather protection; remodelling of internal stairways.
  - Dft (£58.3m) - Platform 0 and other rail infrastructure related work; new barriers; improvements to platform areas; commissioning of second tunnel.
  - WG (£15m) - Improvements to north-south connectivity and Metro integration
  - Private sector (c£40m) - new concourse buildings and car parking

46. The development of the Full Business Case will be predicated on discharging the requirements outlined in the Cardiff Capital Region report of 15 January 2018, in particular the completion of the completion of the GRIP and WeITAG processes. In addition, it seeks to discharge the requirements of Investment Panel as endorsed by Regional Cabinet in October 2019 and as agreed at MCDP meeting on 10 February, the need for a Programme-level Full Business Case to capture the benefits of the whole scheme, as opposed to individual parts and clarity regarding the ask of CCR the offers, benefits and returns.

#### Costs Incurred to Date

47. The total costs incurred on the project to date include:

- Welsh Government costs of circa £250,000, which include feasibility studies, and the development of the Outline Business Case (produced by Arup).
- Cardiff Council have also made a contribution of £50,000 to the development of feasibility studies, as well as the Outline Business Case.
- The Cardiff Capital Region City Deal have contributed £100,000 to the development of the visioning work produced by Weston Williamson Partners.

#### Assessment of Return on Investment

48. The Investment Panel also requested for a re-run of the cost benefit analysis relating to high and low growth scenarios related to the City Deal requirements, as well as an assessment of the return on investment. In response to the this the development of the programme-level full business case will include further detailed consideration of:
- Total number of jobs created, focussing on indirect and induced.
  - Increase in GVA associated with the development.
  - Total private sector leverage
  - The basis on which investment is made
49. In addition, the Full Business Case will also look at the additional return on the proposed up to £40m City Deal investment in relation to core aspects of the programme as a whole as well as a full economic impact assessment. This will be based partly on the consideration of how the development of Central Station can unlock further employment growth, the proportion of the additional employment growth that will be taken by rail commuters, and the proportion of those workers who will work across the Cardiff Capital Region. Currently modelled data suggests that the majority of rail commuters into Cardiff City Centre come from outside Cardiff (circa four out of five rail commuters).
50. To maximise the impact of Metro Central, the Cardiff Council Economic Strategy has placed the development at the centre of its vision for Cardiff and the city-region. This is not only based on the identification of the project as a Cardiff Capital Region City Deal priority, but also through a consultation process that identified the project as one that would drive jobs and growth for both Cardiff and the Cardiff Capital Region.
51. The project is also expected to exceed expected impact (in comparison with other nation schemes) as there is significant undeveloped brownfield land in the vicinity. In addition, analysis by Centre for Cities has shown that, compared with high performing cities in the UK, Cardiff is particularly underserved in terms of commercial property. To that end there is both the land supply and demand for investment in commercial property that will deliver the necessary economic impacts and returns for the Metro Central project. To maximise the impact of the Metro Central, Cardiff Council will also dedicate its economic development team to supporting investment in and around Central Square, in line with both its economic strategy, the Cardiff Capital Region Industrial and Economic Plan and the commitments included in the January 2018 Cardiff Capital Region report.

### Progress in Securing Private Sector Leverage

52. The up to £40m in principle commitment was made with consideration of the significant private sector investment that would be leveraged from the Metro Central project. This development forms part of the wider Metro Central development of circa 5 million sq ft of commercial/residential development with the potential to accommodate more than 30,000 jobs and leverage £2bn of private sector investment over the next 10 – 15 years. Given the location of the development, as well as recent employment trends, the majority of jobs created within the Core Employment Zone would be taken up by residents across the city-region.
53. Furthermore, the sizable private sector investment and employment contributions leveraged from the development would make a considerable contribution to the overall jobs and GVA objectives of the City Deal, which in turn places less pressure on other projects to contribute towards these objectives.
54. The up to £40m in principle commitment has also subsequently supported the promotion of the Central Quay development that was outlined in the 15 January 2018 report. The development formed part of the Department for International Trade's *Wales Investment Opportunities* portfolio. This portfolio was launched in MIPIM in March 2018, and continued to be promoted by the Department for International Trade.
55. The prospectus outlined the key elements of the masterplan of Central Quay as being:
  - Offices – between 6 and 12 storeys – 110,000 m<sup>2</sup>
  - Residential – up to 1,000 apartments in blocks ranging from 4 to 24 storeys
  - Hotel – 200 beds – 6,000 m<sup>2</sup>
  - University campus – 21,000 m<sup>2</sup> in 2 blocks
  - Student accommodation – 2 towers of 20 and 23 storeys, 24,000 m<sup>2</sup>
  - Multi-storey car park – 695 spaces
  - Leisure – brewery visitor centre food & beverage outlets, retail and public realm
56. More recently the Cardiff Capital Region and Cardiff Council have developed an investment prospectus to promote investment opportunities across the city-region. A significant element of this prospectus is focussed on the impact of the Metro on city-region developments, including Central Quay. The prospectus will form the basis of the Cardiff Capital Region proposition at MIPIM 2020.
57. The impact of all the above and the potential created will be assessed comprehensively through the aforementioned programme-level Full Business Case.

## **Next Steps – Finalising Design Specification and a Programme-level Full Business Case**

58. The next phases of the project are interlinked. First, the GRIP and WeITAG processes must be finalised. This is important in informing the Full Business Case, but the commissioning of the programme level Full Business Case must also be activated immediately, with the processes being twin-tracked, in order to meet City Deal Requirements.
59. As noted in paragraph 40 above, the anticipated cost of the design finalisation through these technical processes is circa £10m, of which it is proposed that the Department for Transport funds £6m, and the Cardiff Capital Region City Deal funds £4m. The costs associated with the production of a programme level Full Business Case, will need to be met in full by the programme proposers, WG and TFW. This was agreed on 10 February 2020 at the MCDP.
60. The proposed timescale and next steps for the project are as set out below:
  - Issue tender for finalisation of design/ GRIP/ WeITaG - Spring 2020
  - Commissioning of Programme-level Full Business Case – Spring 2020
  - Full WeITAG and GRIP evaluation process including detailed economic impact assessment [circa 18 months]
  - Final sign-off of Full Business Case – 2021
  - Delivery phase – Circa 3 years
  - Project completion – 2024

## **Financial Implications**

61. This report seeks Regional Cabinet's approval for the release of up to £4m of the in-principle allocation of £40m it approved for the Metro Central scheme at its meeting of 15<sup>th</sup> January 2018. This will contribute towards the circa £10m cost of finalising design work and technical specifications that are required to inform a Full Business Case.
62. Funding of a capital nature has been identified and set aside for Metro Central, however, for capital funding to be released, a Full Business Case will need to be approved. Therefore, if after considering the Full Business Case, Regional Cabinet decides not to proceed with the scheme, then these pre-development costs will become abortive and would need to be funded in full from revenue resources.
63. The Wider Investment Fund Top-Slice may be able, in part or in full, to fund such abortive costs should they arise, although it should be noted that in such an instance, Regional Cabinet will pursue all avenues available to mitigate costs and there may be recourse to the ten Partner Authorities to provide funding, which would be negotiated at such a time as necessary.

## **Legal Implications**

64. From the body of the report it can be seen that the decision sought, is to approve up to £4 million of City Deal funding to finalise design work and technical specifications needed to inform the Full Business Case. This a substantial amount and there is always a risk that expenditure on developing proposals could prove abortive if, amongst other matters, the project does not progress. That said funding could not be secured without the business case being developed so the risk of abortive costs incurred in developing a business case is not unique to this particular project and it is important matters are considered in the context of the overall cost of the design work being in the region of £10 million (10% of total project costs), of which £6 million is being funded by Department for Transport (DfT).
65. As the Metro Central proposal develops, detailed legal advice will be required, (along with all other relevant professional advice) and set out in the Full Business Case, to ensure that the proposals as developed meet (i) all legal requirements; (ii) HMT and Welsh Government funding conditions and are in accordance with the Investment and Intervention Framework.
66. In considering this matter regard must be had to the provisions of the Joint Working Agreement concluded by the ten participating authorities in relation to the delivery of the Cardiff Capital Region City Deal ('the JWA'). As part of the Full Business case it will be important to understand the spend profiles of when funding will be required and to ensure that matters are such that approval of the Metro Central project will, amongst other matters, keep the totality of City Deal spend within the Affordability Envelope (that is the overall costs and investment agreed by each Council), as defined in the JWA).
67. Detailed legal advice must be sought on the procurement so to ensure matters comply with, amongst other things, procurement legislation and the Accountable Body's contract standing orders and procurement rules.

## **Well-being of Future Generations Act 2015 (Wales)**

68. The Well-being of Future Generations (Wales) Act 2015 ('the Act') is about improving the social, economic, environmental and cultural well-being of Wales. 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 their respective duties under the Act, each public body listed in the Act (which includes the Councils comprising the CCRC) must set and published well-being objectives. These objectives will show how each public body will work to achieve the vision for Wales set out in the national well-being goals. When exercising its functions, the Regional Cabinet should consider how the proposed decision will contribute towards meeting the 'well-being duty' and in so doing assist to achieve the national well-being goals.

69. The well-being duty also requires Councils to act in accordance with a 'sustainable development principle'. This principle requires Councils 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 Regional Cabinet must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, Regional Cabinet 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.
70. Regional Cabinet must be satisfied that the proposed decision accords with the principles above
71. To assist Regional Cabinet to consider the duties under the Act in respect of the decision sought an assessment has been undertaken, which is attached as an appendix to this report (Wellbeing of Future Generations Assessment) for member's consideration (Appendix 7).
72. In preparing reports due regard must be given to the Statutory Guidance on the Act issued by the Welsh Ministers, which is accessible using the link below:  
<http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

### **Equality Act 2010**

73. In considering this matter regard should be had, amongst other matters, to the Councils' duties under the Equality Act 2010. Pursuant to these legal duties the Regional Cabinet 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:
- 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.

## REASONS FOR RECOMMENDATIONS

74. There is a clear need to progress the Metro Central programme with the pace and focus required by core partners and in order to meet delivery timeframes. To do so, it is understood that a programme level FBC is required in order to illustrate the richness and multi-faceted nature of proposals. This is critical in demonstrating the ability to meet City Deal requirements in respect of jobs, growth leverage and ROI. However, it is equally recognised that the FBC cannot be produced in full, until the technical design components of the regulatory process (GRIP and WeITAG) are progressed.

## RECOMMENDATIONS

75. To advance the Metro Central programme in line with core City Deal Requirements, Investment Panel has considered it necessary to seek Cabinet approval of up to £4m of City Deal funding towards the c£10m cost (to be confirmed through a full procurement exercise) of finalising design work and technical specifications (through statutory GRIP and WeITAG processes) for the project established in the January 2018 report and needed to inform the Full Business Case, subject to the following:
- a) The revised governance arrangements, as outlined above and inclusion of the CCRD Director as a member of the Metro Central Delivery Partnership;
  - b) The commissioning by the scheme proposers, Transport for Wales and Welsh Government of a programme-level Full Business Case that responds in full to City Deal Requirements;
  - c) Full consideration of the programme contribution to the Cardiff Capital Region City Deal project objectives of jobs created, GVA uplift and private sector leverage and returns on investment;
  - d) Receipt of bi-annual updates from the MCDP to the Regional Transport Authority and Investment Panel in respect of costs, procurement processes, delivery updates and periodic progress with programme development as a whole. This should include all finalisation of GRIP and WeITAG processes.

**Kellie Beirne**  
**Director, CCR City Deal**  
**9 March 2020**

### Appendices

*Appendices 2, 3 and 4 to this report are exempt from publication because they contain information of the kind described in paragraphs 14 (information relating to the financial or business affairs of any particular person) and 21 (public interest test) of parts 4 and 5 of Schedule 12A to the Local Government Act 1972 and in all the circumstances of*

*the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information.*

Appendix 1	Summary Major Station Regeneration Project Examples
<b>EXEMPT</b> Appendix 2	Weston Williamson Report
<b>EXEMPT</b> Appendix 3	OBC approved by UK Government/ DfT Rail
<b>EXEMPT</b> Appendix 4	Letters of Funding Commitment
Appendix 5	Wellbeing of Future Generations Assessment

## Appendix 1 - Summary of Financial and Economic impacts of station improvement case studies

Case study	Summary Financial and Economic impacts
<p><b>Sheffield station upgrade</b>  Redevelopment of station as a new gateway, better integrated with the city. Project involved substantial facelift and renovation, expansion of station concourse, upgrading of passenger facilities.</p>	<p><b>Financial impacts</b></p> <ul style="list-style-type: none"> <li>• £25m of capital investment</li> <li>• Increases in property value around the station analysed in the study</li> </ul> <p><b>Wider economic benefits</b></p> <ul style="list-style-type: none"> <li>• Employment impacts of the project plus property value uplifts Estimated wider benefits in excess of £75m</li> <li>• Up to 3,000 jobs generated.</li> </ul>
<p><b>Station enhancement project for a major European airport</b>  The station experiences significant crowding in peak periods, and offers a poor quality environment. Enhancement involves substantially improved station with increased capacity including a new concourse, expanded facilities, new platform access point and ticket barriers.</p>	<p><b>Financial impacts</b></p> <ul style="list-style-type: none"> <li>• Capital investment in excess of £120m</li> <li>• Uplift in retail revenues</li> <li>• Uplift in fare revenues (attracting additional demand)</li> </ul> <p><b>Wider economic benefits</b></p> <ul style="list-style-type: none"> <li>• Improved access point for local business park – potential scope for contribution from marginal business rate uplift</li> <li>• Benefit to cost ratio of between 1.4 and 2.3</li> </ul>
<p><b>Redevelopment and enhancement of a major terminus station</b>  Station redevelopment and expansion proposal combining creation of a new passenger concourse covering station platform footprint plus a new rail tunnel connecting previously terminating services into the route of another rail link.</p>	<p><b>Financial impacts</b></p> <ul style="list-style-type: none"> <li>• Capital investment in excess of £3bn.</li> <li>• Uplift in fare revenues (enhanced connectivity via new link)</li> <li>• Station retail revenue</li> <li>• Receipts from sale of over-station development space</li> </ul> <p><b>Wider economic benefits</b></p> <ul style="list-style-type: none"> <li>• Improved economic productivity, and resulting fiscal impact</li> <li>• Benefit to cost ratio between 1.7 and 4.7 (depending on intensity of economic activity facilitated)</li> <li>• Benefit to cost ratio without over station development of 0.8</li> </ul>
<p><b>Redevelopment and enhancement of a major terminus station</b>  Replacement of significantly overcrowded and constrained entrance with a new concourse area. High quality public realm, enhanced amenities, improved connections to adjoining local transport networks.</p>	<p><b>Financial impacts</b></p> <ul style="list-style-type: none"> <li>• Capital investment in excess of £250m</li> <li>• Increased retail income</li> </ul> <p><b>Overall Benefits</b></p> <ul style="list-style-type: none"> <li>• Benefit to cost ratio of 1.8 or more (depending on scenario / growth assumptions)</li> </ul>
<p><b>Redevelopment and enhancement of a major terminus station</b>  New station concourse and access area complementing existing concourse. Improved connection into key city centre areas and local public transport interchange points.</p>	<p><b>Financial impacts</b></p> <ul style="list-style-type: none"> <li>• Capital investment in excess of £1bn.</li> <li>• Uplift in fare revenues (new trips)</li> <li>• Station retail revenue</li> <li>• Contributions from developers (“upside” scenarios)</li> </ul> <p><b>Wider economic benefits</b></p> <ul style="list-style-type: none"> <li>• Benchmark uplifts in commercial rental values</li> <li>• Benefit to cost ratio of between 1.7 and 5.1 (depending on scenario / growth assumptions)</li> </ul>

## Future Generations Assessment

<p><b>Name of the Officer completing the evaluation:</b></p> <p><b>Kellie Beirne</b></p> <p><b>Phone no: 07826 9219286</b>  <b>E-mail: kellie.beirne@cardiff.gov.uk</b></p>	<p><b>Please give a brief description of the aims of the proposal</b></p> <p>Unlocking up to £4m for detailed design work finalisation – subject to programme-level business case</p>
<p><b>Proposal: Advancing Metro Central</b></p>	<p><b>Date Future Generations Evaluation form completed: 2 March 2020</b></p>

**1. Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

<b>Well Being Goal</b>	<b>Does the proposal contribute to this goal? Describe the positive and negative impacts.</b>	<b>What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?</b>
<p><b>A prosperous Wales</b> Efficient use of resources, skilled, educated people, generates wealth, provides jobs</p>	<p>Assessing progress with City Deal and the targets set around GVA, jobs and leverage – is our key means of securing greater prosperity. Creating the transport connectivity to drive capacity in the whole region will make a significant contribution to this.</p>	<p>Investment Panel has requested conditions are placed – featured in the report – which require more information and evidence relating to investment proposal, full economic impact, a programme level business case and enhanced sustainability and active travel measures</p>
<p><b>A resilient Wales</b> Maintain and enhance biodiversity and ecosystems that support resilience and</p>	<p>Regard will have to be given in detailed design and WelTag phases to resilience and sustainability</p>	<p>Conditions imposed around active travel, wellbeing measures and sustainability</p>

Well Being Goal	Does the proposal contribute to this goal? Describe the positive and negative impacts.	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
can adapt to change (e.g. climate change)		
<b>A healthier Wales</b> People's physical and mental wellbeing is maximized and health impacts are understood	The focus on multi-modal public transport is front and centre in this proposition to build capacity and capability region-wide	
<b>A Wales of cohesive communities</b> Communities are attractive, viable, safe and well connected	Improving regional infrastructure and connectivity will make a key contribution to travel to work modes, denser labour market creation and development of human connections	Clear evidence of this capability will be tested through the business case process
<b>A globally responsible Wales</b> Taking account of impact on global well-being when considering local social, economic and environmental wellbeing	This could see the region grow its strengths through connecting and linking key areas, economic zones and places	
<b>A Wales of vibrant culture and thriving Welsh language</b> Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation	Our City Deal is uniquely Welsh – but pitches towards being world leading in areas of competitive strength. This enables a strong reflection on our rich culture and heritage.	
<b>A more equal Wales</b> People can fulfil their potential no matter what their background or circumstances	Metro Central is a regional connectivity enhancement scheme that aims to drive provision to places that currently lack it.	Business case will test true regional capability benefits

2. How has your proposal embedded and prioritized the sustainable governance principles in its development?

Sustainable Development Principle	Does your proposal demonstrate you have met this principle? If yes, describe how. If not explain why.	Are there any additional actions to be taken to mitigate any negative impacts or better contribute to positive impacts?
 <p>Long Term</p> <p>Balancing short term need with long term and planning for the future</p>	<p>This scheme will support the CCR over the long-term</p>	<p>Through the business case development process</p>
 <p>Collaboration</p> <p>Working together with other partners to deliver objectives</p>	<p>The scheme is a partnership across public and private and involves all ten councils</p>	
 <p>Involvement</p> <p>Involving those with an interest and seeking their views</p>	<p>TfW and WG are the scheme proposers and there will be opportunities for comprehensive public engagement as part of the full scheme business case</p>	
 <p>Prevention</p> <p>Putting resources into preventing problems occurring or getting worse</p>	<p>This is set out in the REGP work on the developing Regional Economic and Industrial Plan.</p>	<p>This will be an increasing focus of scheme and programme delivery.</p>
 <p>Integration</p> <p>Considering impact on all wellbeing goals together and on other bodies</p>	<p>As the business case progresses through the framework, this can be further considered.</p>	

**3. Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	N/A at this stage which is detailed design and WelTag	None arising at this time.	As the case passes through the business case development process and should a FBC be forthcoming, this will be looked at comprehensively as part of sustainability requirements.
Disability	As above	As above	
Gender reassignment	As above	As above	
Marriage or civil partnership	As above	As above	
Pregnancy or maternity	As above		
Race	As above		
Religion or Belief	As above		
Sex	As above		

<b>Protected Characteristics</b>	<b>Describe any positive impacts your proposal has on the protected characteristic</b>	<b>Describe any negative impacts your proposal has on the protected characteristic</b>	<b>What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?</b>
Sexual Orientation	As above		
Welsh Language	As above	Not at this time but the situation will be kept under review.	

**4. Safeguarding & Corporate Parenting. Are your proposals going to affect either of these responsibilities?**

	<b>Describe any positive impacts your proposal has on safeguarding and corporate parenting</b>	<b>Describe any negative impacts your proposal has on safeguarding and corporate parenting</b>	<b>What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?</b>
Safeguarding	Not directly relevant –however, building the future economy should have a profoundly positive impact on ability to safeguard the future of our residents		
Corporate Parenting	Not directly relevant – however building strength in the economy should create opportunities for all of the young people entrusted in our care		

**5. What evidence and data has informed the development of your proposal?**

- Evidence and input contributed by theme leads
- Outcomes of assessments such as audit reports
- Delivery against targets set out in individual business cases/ approved project documentation
- DfT OBC
- ARUP economic impact work
- Weston Williamson detailed design work

**6. SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

*As the business case develops and the causes/ effects and consequences are understood – provision will be ongoing.*

**7. MONITORING: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated on:	March 2021
----------------------------------------------------	------------