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CORRESPONDENCE FOLLOWING THE COMMITTEE MEETING

Committee ECONOMY & CULTURE SCRUTINY COMMITTEE

Date and Time of Meeting THURSDAY, 15 OCTOBER 2015, 4.30 PM

Please find below correspondence send by the Committee Chair following the meeting, together with any responses received.

For any further details, please contact scrutinyviewpoints@cardiff.gov.uk

10 **Correspondence** (*Pages 1 - 16*)

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Fy Nghyf / My Ref: NRS/RM/ACW/15.10.15

Dyddiad / Date: 6 November 2015

Sian Tomos
Director – Enterprise and Regeneration
Arts Council of Wales
Princes Park II
Princes Drive
Colwyn Bay
LL29 8PL



Dear Sian

**ECONOMY AND CULTURE SCRUTINY COMMITTEE – 15 OCTOBER 2015:
Arts Council of Wales**

Thank you for attending the October meeting of the Economy and Culture Scrutiny Committee, where Members had the opportunity to explore the potential of the Arts in Cardiff to promote city regeneration and the well being of citizens. I will be grateful if you could also pass on the thanks of the Committee to David Alston and Lisa Matthews for their contributions and for addressing the questions that arose during the meeting. The Committee had a few comments and observations which are set out below.

Members firstly would like to thank you for your willingness to engage with the Committee, and with the Council, and hope that this engagement will serve as a prompt to open up further discussions with wider areas of the Council. We will be writing separately to the leader of the Council to highlight areas we feel the Council would benefit from opening a dialogue with the Arts Council. Our initial thoughts are around urban design and public planning, but it is clear to us from the meeting that the Arts Council has a broad reach and is involved in a range of projects and initiatives. If there are any specific areas of work you particularly feel the City of Cardiff Council could be working in partnership with the Arts Council of Wales, please do let us know.

During the meeting we discussed work the Arts Council of Wales is undertaken in other local authorities in the area of regeneration and urban design. Members were disappointed to hear that no bids for this work had been received from Cardiff, particularly given the scale of development and construction work ongoing across the city. Is this opportunity to work with the Arts Council one that is still open – or has the timeframe for submissions been missed? Could you also please provide us with examples of the projects the Arts Council is involved in and the criteria that a successful application must meet?

Members of the Committee are mindful that the Council owns and operates two important arts venues in the city centre, in the shape of St Davids Hall and New Theatre. The Council is developing plans to procure new management arrangements for these venues, and our Committee will be responsible for the scrutiny of these arrangements. We are aware that the buildings currently support a wide range of community and elite cultural infrastructure, and are keen to avoid inadvertently losing any cultural capacity through this procurement. We would be grateful to receive any advice, policy briefings or information that you hold or could signpost us towards in this area.

It was clear to Members that the Arts Council is involved in a number of community based projects across the city, such as Re:Imagine India or De Gabay. It seems to us that if the Arts Council and Cardiff Council had a closer working relationship, sharing community knowledge and links, these projects may be able to have a longer term impact or legacy – this is not to undermine or question the value of the projects delivered individually, but to suggest that more could be achieved by working cooperatively, sharing resources and expertise. We would encourage you to seek dialogue with the Council when planning community projects, and recommend that you seek the involvement of local elected members or the appropriate Cabinet member to arrange this.

Members of the Committee were interested to hear that research is being undertaken into the softer benefits the arts can deliver – such as within the remit of health and social care. We would be interested to read the findings of the work undertaken by University of Bangor when a report becomes available, and would ask that you make our Principal Scrutiny Support officer Nathan Swain aware when it is published.

The Members of the Economy and Culture Scrutiny Committee recognise that a vibrant arts scene is essential in attracting individuals to work and study in Cardiff (or indeed to locate their business here), and significantly contributes to the quality of life, or liveability, of a city. At a time when the necessity to work in partnership is growing, we hope that this involvement with scrutiny would serve as a catalyst for projects to be delivered in partnership between the City of Cardiff Council and the Arts Council of Wales in the future.

I look forward to receiving your feedback on the above comments and observations.

Regards,

A handwritten signature in black ink, appearing to read 'Rod McKerlich', with a horizontal line underneath it.

Councillor Rod McKerlich
Chairperson, Economy and Culture Scrutiny Committee

cc Members of the Economy and Culture Scrutiny Committee
Leader, Cllr Phil Bale

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Fy Nghyf / My Ref: NRS/RM/PB/ACW/10.09.15

Dyddiad / Date: 6 November 2015

Councillor Phil Bale
Leader, City of Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UW



Dear Councillor Bale

ECONOMY AND CULTURE SCRUTINY COMMITTEE – 15 OCTOBER 2015

Arts Council of Wales

At the October meeting of the Economy and Culture Scrutiny Committee, Members met with representatives of the Arts Council of Wales to discuss the potential of the Arts in Cardiff to promote city regeneration and the well being of citizens.

I recognise that arts in the traditional sense may not fall under your portfolio of responsibility, however it became apparent in our meeting that the Arts Council is involved in projects that cut across numerous sections of the Council, from education and community development to urban design and regeneration. Members of this Committee are convinced of the benefits of a vibrant arts community for the city as a whole and feel this is something the Council should be ensuring it supports, particularly given the vision to become Europe's most liveable capital city.

In our discussions with the Arts Council of Wales it is clear that there is a willingness on their part to work with the Council and that they are open to initiating discussions as to how best to progress this. We would like to recommend that this dialogue commences at the top of the organisation and that you seek to meet with the Directors, who have demonstrated their openness in appearing before Scrutiny.

I would be grateful if you would consider the above comments and look forward to receiving your feedback.

Regards,

A handwritten signature in black ink, appearing to read 'Rod McKerlich', with a horizontal line underneath.

Councillor Rod McKerlich
Chairperson, Economy and Culture Scrutiny Committee

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Fy Nghyf / My Ref: NRS/RM/PB/15.10.15

Dyddiad / Date: 2 November 2015

Councillor Phil Bale
Leader, City of Cardiff Council
County Hall
Atlantic Wharf
Cardiff
CF10 4UW



Dear Councillor Bale

ECONOMY AND CULTURE SCRUTINY COMMITTEE – 15 OCTOBER 2015

Review of Cardiff Business Council

Thank you for attending the October meeting of the Economy and Culture Scrutiny Committee, where we considered the Cardiff Business Council review. I will be grateful if you could also pass on the thanks of the Committee to Neil Hanratty and Mark Lang for their presentation and for addressing the questions arising during the meeting. The Committee had a number of comments and observations following the meeting, which are set out below.

Report

Before addressing the specific points we have relating to the Cardiff Business Council review, the Committee wishes to express its disappointment at only receiving the report produced by Publicani during the meeting itself. This really should not be happening and isn't acceptable given the fact that the report itself is dated September 2015. We accept that the report is a confidential draft, with no status, and therefore could not be issued with the publicly available Committee papers, however we feel that the maturity of Scrutiny arrangements in Cardiff could have afforded the opportunity for Members to consider printed copies of the report on a confidential basis in advance of the meeting.

While this topic was rigorously tested at the meeting, I cannot escape the feeling that a more informed and effective scrutiny could have been undertaken if Members were given the appropriate levels of information. I am mindful that there are a number of upcoming items due for pre-decision scrutiny and would ask that you ensure this situation is not repeated in the future. Similarly, Members are left questioning exactly what is going to be taken to the Cabinet for a decision. It wasn't made explicitly clear to us at the meeting what proposals and recommendations are going to be made, but

rather vague suggestions of a way forward were given, and again we feel this has limited the help and guidance we are able to provide through this scrutiny.

Review Process

With regard to the review methodology, Members question the scope of the review, and whether the findings can truly be representative of the needs and requirements of the region when only 26 interviews took place. Given the importance of this review and the proposals going forward for a regional 'Business Leadership Board', we would expect a more substantial and structured interview process to have taken place. Not knowing who had been interviewed, it was difficult for us to judge whether interviewees would be likely to understand the successes Cardiff Business Council has delivered for Cardiff, and how this could be built upon on a regional basis.

Members are also left questioning the fullness of this review given the aim to establish a new organisation representative of the whole Cardiff City Region. We question how a review reporting to the Cabinet of the City of Cardiff Council, and subsequent decisions made, can be enough to create a new regional Business Leadership Board – we feel a decision and commitment will be formally required by all participating local authorities, please could you confirm whether this has been factored into the necessary timings? The Committee is of the opinion that the City Deal proposals and negotiations need active business participation now, demonstrating to Whitehall that both the public and private sector in the Cardiff City Region are driving forward these proposals, and that the process of debating, negotiating and establishing a new regional board from scratch will jeopardise the success of our bid.

Cardiff Business Council

In relation to the proposals going forward, the Committee feels that the right principles are being emphasised. The Cardiff City Region needs the backing of businesses across the whole region, allowing businesses to shape local policy decisions, through a structure that isn't simply a talking shop or extra layer of governance, but rather is responsible for marketing and promoting the region and attracting inward investment. We cannot however escape the feeling that this is something the Cardiff Business Council has been achieving for Cardiff as a city, and should be built upon for the wider city region. The preference of this Committee would not be the creation of a new 'Leadership Board' but rather the transformation of Cardiff Business Council into a regional body, incorporating the need to be representative of the requirements and expertise across all ten local authority areas.

Cardiff Business Council has, in the opinion of this Committee, delivered a great deal of success for Cardiff since its establishment in July 2013, working closely with the Council's Economic Development team to attract inward investment and businesses to Cardiff, developing a scale model of the whole city which has showcased Cardiff

around the world, and securing events such as the IAAF World Half Marathon. We cannot see the logic, or indeed support any proposal to fully abandon or dissolve this organisation, which has achieved so much on a minimal budget. As already mentioned, the preference of this Committee would be to see Cardiff Business Council transformed onto a regional basis, or failing this, for Cardiff Business Council to carry on independently, attracting businesses to Cardiff and feeding into the regional agenda.

This point of view also leads us to question why the review of Cardiff Business Council has been done so publically and over such a long period of time. We feel the effectiveness of Cardiff Business Council to attract local membership growth and inward investment has been jeopardised by the review of the last four months, as businesses will not want to commit to an organisation that may cease in the coming months.

Business Leadership Board Proposals

With regard to the proposals for the creation of a Cardiff City Region 'Business Leadership Board', the Committee has a number of questions or issues that we feel were not made clear during the meeting and that we wish to be clarified. We recognise that they might be answered within the Publicani report, but as stated above, with under an hour of exposure to the report itself we found ourselves at the end of the meeting unclear at the full contents of the report,. We certainly feel that these points are important for the Cabinet to understand in making a decision:

- The cost and funding proposals for the Business Leadership Board are unclear.

From the meeting Members infer that the cost will be higher than the running costs of Cardiff Business Council – which the Council cannot afford to continue supporting. Members feel that any decision made by the Cabinet should be informed by an indicative estimate of the funding required from Cardiff Council. The Committee understands that the regional board will be funded by the Welsh Government and all ten participating local authorities, however we feel there must also be buy in from the private sector. As previously mentioned, we fear the support of the Cardiff business community may have been lost through this review and doubt cast over Cardiff Business Council.

- All local authorities involved are still awaiting confirmation of the Local Government Capital and Revenue Settlement. Does this make any current commitment of public sector financial contributions a risk?
- Is the involvement of businesses from a local authority area dependant on the commitment of that local authority to the Business Leadership Board? For

example, if for whatever reason a local authority pulled out of funding the Business Leadership Board, would businesses in that area be excluded from ongoing or future discussions?

- How will the Business Leadership Board membership be kept to a manageable number?

The Publicani review suggests a board of 10-12 members, however we cannot understand how this number will be achieved when including representation for local business forums across the ten authorities, organisations such as the FSB and CBI, senior local authority officers, Welsh Government officials and political representatives. While we recognise why all these organisations require representation, we fear that such a large committee will encounter problems in getting decisions made.

- What are the mechanisms proposed to measure the success of Business Leadership Board, and how will the organisation be held to account and by who?

The achievements, aims and performance measures for Cardiff Business Council are set out in the Economic Development Directorate Plan, and are monitored through Quarterly performance reports. We feel clear performance and monitoring arrangements must also be in place for any organisation replacing Cardiff Business Council.

- At what stage will the public sector take a back seat and allow for this organisation to be driven forward by private sector partners from across the Cardiff City Region?

The Committee is concerned that it appears the proposed Business Leadership Board is being driven forward by local authorities and the Welsh Government. While public sector involvement is crucial in the development and support of the proposed leadership board, we question whether it should instead be fronted by the private sector. We are conscious that in order for the private sector to fully commit to this organisation, there must be clear role descriptions and autonomy to push initiatives forward. We also have reservations over deciding the structure of any new organisation before the business community is fully committed to it.

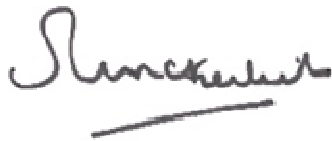
- Are you confident that the proposed Business Leadership Board can be established in time to support and push forward in negotiations for the City Deal?

As a final point the Committee wishes to emphasise the importance of these developments for Cardiff. We would not want historic issues or relationships clouding judgement when it comes to deciding what is best for our city. Members consider that

whatever differences might have emerged in the past, it is essential for leading figures to work together to plan out what is best for Cardiff on both a local and regional basis, and ensure that this is achieved through the new arrangements for a regional business engagement structure.

I would be grateful if you would consider the above comments, observations and recommendations, and look forward to receiving your feedback.

Regards,

A handwritten signature in black ink, appearing to read 'Rod McKerlich', with a horizontal line underneath it.

Councillor Rod McKerlich
Chairperson, Economy and Culture Scrutiny Committee

cc Neil Hanratty – Director of Economic Development
Cabinet Support Office
Members of the Economy and Culture Scrutiny Committee.
Nigel Roberts – Chairman, Cardiff Business Council

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Fy Nghyf / My Ref: CM32632

Eich Cyf / Your Ref:

Dyddiad / Date: 12th November 2015

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Annwyl / Dear Rod

Economy & Culture Scrutiny - 15 October 2015

Thank you for your letter dated 2nd November 2015 enclosing the response of the Economy and Culture Scrutiny Committee of the 15th October 2015 to the presentation given by myself, Neil Hanratty and Mark Lang on the review of Cardiff Business Council.

I have read your comments and observations with interest and set out below my response in line with the structure of your letter:

Report

I do understand your disappointment at only gaining sight of the Publicani report at the beginning of the meeting. I can assure you there was no intention to withhold information unnecessarily from the Committee. There was an element of confidentiality due to the timing of the meeting which I understand led officers to circulate the document at the meeting. I have subsequently asked that in future documents are circulated in good time before Scrutiny meetings to give Members proper time to digest information. On that basis I can assure you that in respect of upcoming items due for pre-decision Scrutiny, the relevant papers will be with you in advance of the meeting.

Review Process

I note the Committee's concern regarding the number of interviews that informed the review. As explained by Mark Lang at the meeting, 26 detailed interviews with a range of key stakeholders encompassing current Board members, representatives of the wider business community, senior representatives of the surrounding local authorities and other stakeholders represents a creditable pool of interviewees. In addition, more people were invited to take part in the interviews but chose to decline. Furthermore, the interviews only formed part of the overall analysis. The appointed consultants are extremely experienced in this area of policy and informed their findings through a sharp literature review of the local, regional, and national policy context, and a review of relevant business engagement initiatives in the UK and internationally.

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In terms of the fullness of the independent review, I would like to re-iterate that the report was never intended to provide a review of the performance of the Cardiff Business Council, but rather was intended to determine a suitable way forward given the new and emerging financial and governance context. I am extremely mindful that the shape, role and constitution of the new organisation, if it is backed by our local partners, will need to be decided with our local partners, i.e. it will no longer be solely a decision for the City of Cardiff Council. What will remain in our sole control will be the level of funding the Council allocates towards a business engagement organisation and it is clear that the current level of funding is not sustainable and may need to reduce even further at the end of this financial year. It is therefore extremely responsible for the Council to be considering alternative models, and the timing is right, with only four months remaining to the end of the financial year.

Furthermore, whilst at present there is no formal agreement with Welsh Government and surrounding authorities of the Cardiff Capital Region (CCR), discussions have taken place, and I believe the City Deal collaboration does present a perfect opportunity to move the discussion on over the next few months. Following on from the recent submission to UK Government on City Deal, we will shortly be entering into a phase where the engagement of business will be crucial to the development and delivery of our bid.

Cardiff Business Council

I note the Committee's preference to encourage the transformation of the current Cardiff Business Council into a regional body involving representatives and expertise across all 10 local authority areas. The recommendations of the report to Cabinet are to put in place appropriate arrangements that will manage the transition to a new model. The creation of a city-region business organisation means there will now be a much broader range of stakeholders and contributors that will decide the final shape and role of the new organisation. It would therefore be extremely presumptuous for the City of Cardiff Council to believe that it has the right to decide these details and as such the recommendation is to work on the development and implementation of a transition plan. The Council recognises the good work of the Cardiff Business Council to date and will aim to try to minimise disruption and maintain momentum.

I note your concerns in relation to the timing of the review and its impact on the Cardiff Business Council's ability to attract local membership growth. Whilst the Business Council has been successful in achieving its marketing objectives and in engaging private sector involvement and contributions towards those marketing objectives, the base costs of operating the company have, since its inception, been met almost entirely from the Council's direct funding, supported by resources from the Economic Development service. It is clear there would not be sufficient funds to sustain the organisation if and when the Council needs to reduce its funding further. It was therefore absolutely appropriate to review the situation, in good time, to try to find a new and sustainable model for business engagement with a broader range of stakeholder contributors. The review has taken time because it has relied on the engagement of a broad range of stakeholders and because it was conducted over the summer months.

Business Leadership Board proposals

In respect of the detailed questions, the Consultant's report was never intended to address this level of detail. In the key recommendations, it is proposed that the City of Cardiff Council should develop an Action Plan to manage a smooth transition from the current arrangement to the new model. This is also the key recommendation in the Cabinet report and will be the next stage in the process. It is important to note that in a city-region context, where contributions to running costs will potentially come from Welsh Government and the 10 local authorities of the CCR the anticipated cost to the City of Cardiff Council should be significantly less than the current contribution to the Cardiff Business Council. The Council has retained a reduced sum in its budget for 2016/17.

With regard to support from the Welsh Government and local authorities of the CCR discussions are on-going and will continue as part of the development of the transition plan. Welsh Government has confirmed in recent correspondence the requirement for a Business Council at the city-region level as part of its proposals for city-region governance, but as yet has not confirmed any funding contribution. The issue of business engagement has been raised with the local authorities of CCR as part of the City Deal process but as yet has not formalised into specific funding proposals. These discussions will continue over the coming months.

It is suggested in your letter that the private sector should have been given the opportunity to sustain the organisation themselves. We have seen over a long period of time stretching back to previous iterations of the Business Council, such as the Cardiff Initiative, Cardiff Marketing and Cardiff & Co that the current profile of the Cardiff economy makes it very difficult for these organisations to generate the necessary funding to be self-sustaining. This is similar to the situation in many UK cities. They have therefore always required public sector funding. The Cardiff Business Council has successfully managed to get contributions from business towards marketing activities that directly benefit their business. Pooling resources to deliver scale has been an important aspect of their work. However, more generic contributions that support operational costs have not been achieved and this was also a problem for previous city marketing organisations. As local government budgets are squeezed, it becomes increasingly difficult to justify a sizeable contribution from the Council and therefore a move to spread the contribution across a broader range of stakeholders is the obvious way forward. This does not mean to say that the public sector will by itself drive forward the new initiative. It will still need to rely on significant private sector funding, input, drive and enthusiasm.

In terms of your question regarding the public sector taking a back seat, I think the Council has definitely been in the background in regards to the Cardiff Business Council despite the fact that we have been the primary funder. But wherever public money is invested there will always be a requirement for appropriate governance arrangements to ensure that money is spent properly and delivers value for money.

Finally in response to the detailed questions you raise as to the future operation of the new Leadership Board, such as the number of members on the Board and how performance will be measured, that all remains to be decided and will be a matter for the CCR stakeholders to agree.

I hope this clarifies the situation and I can assure you that I will continue to work in the best interests of the city and in close collaboration and co-operation with all of the relevant stakeholders to get the best outcomes for Cardiff. As the proposal for the new organisation develops over the coming months I will arrange to keep Scrutiny Committee updated accordingly.

Yn gywir,
Yours sincerely,



**CYNGHORYDD / COUNCILLOR PHIL BALE
ARWEINYDD, CYNGOR DINAS CAERDYDD
LEADER, THE CITY OF CARDIFF COUNCIL**

