



County Hall
Cardiff
CF10 4UW
Tel: (029) 2087 2000

Neuadd y Sir
Caerdydd
CF10 4UW
Ffôn: (029) 2087 2000

GOHEBIAETH YN DILYN CYFARFOD Y PWYLLGOR

Pwyllgor PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

**Dyddiad ac amser
y cyfarfod** DYDD IAU, 3 RHAGFYR 2015, 5.00 PM

Gweler isod gohebiaeth anfon gan Gadeirydd y Pwyllgor ar ôl y cyfarfod , ynghyd ag unrhyw ymatebion a gafwyd

Am unrhyw fanylion pellach, cysylltwch â scrutinyviewpoints@cardiff.gov.uk

8 **Gohebiaeth yn dilyn y cyfarfod pwyllgor** (*Tudalennau 3 - 14*)

Mae'r dudalen hon yn wag yn fwriadol

Fy Nghyf / My Ref: NRS/RM/PBr/03.12.15

Dyddiad / Date: 11December 2015



Councillor Peter Bradbury
Cabinet Member: Community Development, Co-operatives & Social Enterprise
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Bradbury

ECONOMY AND CULTURE SCRUTINY COMMITTEE – 3 DECEMBER 2015

City Operations Quarter 2 Performance – ADM Leisure Procurement

Thank you for attending the December meeting of the Economy and Culture Scrutiny Committee. At the meeting we considered an update on the Alternative Delivery Models for Leisure Facilities procurement exercise as part of our scrutiny of Quarter 2 Performance. I will be grateful if you could also pass on the thanks of the Committee to Andrew Gregory and Sarah Stork for the presentation delivered and for addressing the questions that arose during the meeting. The Committee had a few comments and observations following the meeting, which are set out below.

Through prior task and finish group consideration, you will be aware that this Committee gave support to the aspirations set out for the Alternative Delivery Models for Leisure Facilities procurement exercise, particularly keeping open all the current leisure centres and facilities in Cardiff. Members however cannot escape the feeling that the levels of market interest identified through the Max Associates work in May 2014 have not been realised, which underpinned these aspirations.

During the meeting Members questioned whether the Council has explored the impact of closing any of our leisure facilities, and were informed that it had not, as a commitment was made at the outset of the procurement process to maintain all the existing facilities across the city, with the 'Lot' approach designed to ensure this was a realistic proposition. The Committee appreciates the rationale behind this decision, and cannot dispute the Council's commitment to enabling people in Cardiff to become active and healthy. Ideally we would wish to avoid the dilution of the Council's leisure offer, however we question whether this aspiration remains affordable given that the anticipated levels of saving will not be delivered. Members are interested to know whether the private provision of sport facilities have been mapped and analysed

alongside the Council run facilities, establishing whether the closure of a Council facility could be absorbed by local private provision.

While disappointed that the targeted levels of savings may not be achieved, we welcome the fact that the enhanced in-house provision has proved to be competitive, with additional income opportunities identified and a more commercial approach developed by leisure centre management and external advisors. During the meeting Members were informed that there is not a great deal of difference between the bids submitted by private companies and that of the enhanced in-house provision. We acknowledge that there are additional risks and work required should the Council opt for an external supplier and understand that it may not be in the best interest of the Council to take this approach unless significant savings are going to be achieved in comparison to the enhanced in-house offer.

Members recognise that work still remains to be done through the procurement process, with bidders being asked to review their submissions and come back with revised offers. It is clear to us that uncertainty remains as to the final direction of this exercise, which is not necessarily a negative position to be in, however during the meeting Members were informed that the City Operations Directorate has a shortfall of over £400,000 as a result of savings not being realised through this procurement process. We wish to reiterate a point made in our letter following the September Committee meeting – the clear driver behind this project is the need to deliver substantial savings, regardless of whether an external or internal solution is chosen.

It is becoming ever more evident that in order to meet future demand for leisure services, joined up thinking is required between Education and Leisure services in the development of new sport and leisure facilities across the city, as there may be a need to move away from the traditional leisure centre based provision of sport. This is an issue we previously discussed when considering the Sports Strategic Framework at our September Committee meeting. We wrote to you following the meeting recommending that a formal agreement is reached with the Cabinet Member – Education ensuring the involvement of the Parks and Sport Development Manager in any school developments that include sports facilities – a point that we wish to reiterate following our discussions on 3 December 2015.

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 Andrew Gregory – Director, City Operations
Cabinet Support Office
Members of the Economy and Culture Scrutiny Committee

Mae'r dudalen hon yn wag yn fwriadol

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Fy Nghyf / My Ref : CM33036

Dyddiad / Date: 4th January 2016

Cllr Rod McKerlich
Chairperson
Economy & Culture Scrutiny Committee

Annwyl / Dear Rod

**Economy & Culture Scrutiny Committee - City Operations Q2 Performance -
ADM Leisure Procurement**

Thank you for your letter dated December 11th following the meeting of the Economy and Culture Scrutiny Committee on December 3rd.

I note your comments and observations which seem very sensible bearing in mind where we are with the procurement process regarding an Alternative Delivery Model for Leisure. However I would make the following points:

- There is no doubt that the market that the Max Associates report was based on has changed quite markedly since that report with the increasingly difficult financial position that Local Government finds itself.
- There has been no work on mapping the private provision and at this time there seems little point in it being undertaken although I accept that at some point it maybe as I am focusing my attention on trying to improve the access to school facilities by working with my Cabinet colleague for Education, Cllr. Sarah Merry.
- Like the Committee I am pleased that the Enhanced In House model which acts as the comparator throughout the procurement process is proving to be a robust and credible model. The current programme of challenge that is being undertaken internally will further ensure that as far as possible it is deliverable.
- The issue of savings is a concern but there is no doubt that we must let the procurement process run its course while trying to ensure that the process produces the level of savings that are required.

PLEASE REPLY TO / ATEBWCH I : Cabinet Support Office / Swyddfa Cymorth Y Cabinet,
Room / Ystafell 518, County Hall / Neuadd y Sir,
Atlantic Wharf / Planafa'r Iwerydd, Cardiff / Caerdydd.



The question of access to school facilities and ensuring that with any new builds as part of the 21st Century Schools programme is one that I continue to have dialogue with my Education Cabinet colleague as mentioned above which has resulted in some clear progress as my colleague is very supportive along with officers of the principle. Some recent examples of this philosophy are the Pontprennau School access to the main hall in the evenings and at weekends, the continuing work on trying to upgrade the ATP at Eastern High School to a 3G surface with community access and the work to be undertaken at Willows High School to allow community access to the sports barn and changing rooms.

Once again thank you for your observations and should you want me to return to the Committee in the future on this issue then I will be happy to do so.

Yn gwyir
Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Bradbury', with a long horizontal flourish extending to the right.

Councillor / Y Cyngorydd Peter Bradbury
Cabinet Member for Community Development, Co-operatives & Social Enterprise
Aelod Cabinet Dros Datblygu Cymunedol, Mentrau Cydweithredol a Mentrau Cymdeithasol

Fy Nghyf / My Ref: NRS/RM/PB/03.12.15

Dyddiad / Date: 10 December 2015



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

Dear Councillor Bale

ECONOMY AND CULTURE SCRUTINY COMMITTEE – 3 DECEMBER 2015

Thank you for attending the December meeting of the Economy and Culture Scrutiny Committee, where we considered the Cardiff Capital Region City Deal and Quarter 2 Performance of the Economic Development Directorate. I will be grateful if you could also pass on the thanks of the Committee to Paul Orders and Neil Hanratty for their presentations and for addressing the questions arising during the meeting. The Committee had a few comments and observations following the meeting, which are set out below.

Cardiff Capital Region City Deal – Update

The Committee is pleased that progress is being made to advance the Cardiff Capital Region City Deal, with recent commitment and support being given by the Welsh Government and UK Government. We recognise the significant role that you, and senior officers have played in establishing and driving forward the City Deal proposals in order to arrive at the current position.

Members of the Committee are conscious that the specific projects to be funded through the City Deal have not been finalised at this stage, and as such it is currently hard to gain a comprehensive understanding of the levels of benefit to be delivered through the City Deal, such as economic growth, increased connectivity, innovation and a higher skilled workforce. From the timeline given during the meeting we understand that projects are due to be identified by Spring 2016; we look forward to considering in more detail the selected projects and testing their anticipated benefits for the City of Cardiff and wider Cardiff Capital Region.

Members understand that the money secured through the City Deal will be used on individual projects, which will have been prioritised based on their Gross Value Added (GVA) and impact on worklessness, and will be required to demonstrate a set minimum level of impact across all the region's local authorities. We are pleased this

approach is being taken; where chosen projects must demonstrate a certain level of benefit to the region. General consensus is that previous European funding received by the region was spread too thinly and its potential impact was diluted. We hope this focussed approach will drive benefit from all the money invested. It is clear that there will be hard negotiations ahead as projects are prioritised and decisions are made on the allocation of available funding.

You will be aware that significant discussion took place at the meeting around the Metro proposals, and the concern some Members of the Committee have with regard to the level of funding that will be allocated to this and other transportation projects. With the full Metro system is estimated to cost billions of pounds, the Committee would not wish to see the full allocation of City Deal finance being used to fund the Metro. Some Members fear that an expectancy exists for the City Deal to deliver the whole Metro system, which is clearly unrealistic, and we would urge you to ensure that press releases and publications stress that the City Deal means much more than a Metro System for South Wales.

Some Members of the Committee questioned the impact that can be achieved by an indicative £1.28bn City Deal Fund given that it is spread across 10 local authorities and a 10 year programme, and in light of the commitment to transportation projects from the Welsh Government. The Committee however recognises that this is a significant amount of money to be invested in the area and offers real opportunity to improve the region's economic competitiveness. The Committee also notes that the money available through a City Deal is borrowed at a favourable rate to that which local authorities are usually subject to, approximately a third of the standard rate, and as such we would support this mechanism for funding projects in the region.

The Committee was pleased to be informed that achievement of the City Deal will not be put in jeopardy should some local authorities choose to opt out as detailed discussions progress. Members were informed that when establishing the Glasgow and Clyde Valley City Deal, some authorities chose to withdraw and had no impact on the success of the Deal. We understand that the evaluation methodologies for projects and the apportionment of costs can be adjusted based on the number of authorities committed to the City Deal and recognise that this is also important in light of the proposed reorganisation of local authorities in Wales.

A final point Members wish to make, which was not raised during the meeting itself, is the importance of aligning Local Development Plans across the local authorities signed up to the City Deal. As projects are prioritised and developed, particularly those targeted at connectivity across the region, it will be important that consideration is given to the location of future residential developments and their inclusion within the improved transport network.

Economic Development Quarter 2 Performance

The main area of focus for Members during the scrutiny of Quarter 2 performance was the development of a Heritage Quarter for the Civic Centre. Members look

forward to hearing more about these proposals as the work develops, with particular interest in the future of City Hall and the Mansion House respectively. As you will be aware from the questioning during the meeting, we recognise that these are iconic buildings under the stewardship of Cardiff Council, but that there may be a need for a sustainable long term plan that differs from their current usage. We request that arrangements are made with the Principal Scrutiny Officer for this Committee to schedule future in-depth consideration of these proposals.

You will be aware that Members of this Committee have commenced a Task and Finish Inquiry focussed on the economic potential of Cardiff's Maritime Heritage and associated buildings. It is clear that there is an extensive portfolio of heritage buildings across Cardiff and we hope that plans can be made to capitalise on the potential benefits they offer to the city.

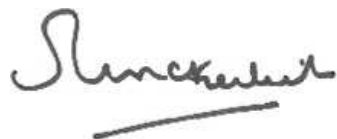
In considering the progress with Cardiff Business Improvement District, members questioned whether small businesses have representation on the BID Task Group. We were pleased to be informed that Mansford, the owners of a number of the Victorian arcades in the City Centre, are part of this group and are representing the needs of smaller businesses in the ongoing discussions and developments.

To re-cap for ease, the Committee asks that the following points are addressed:

- Future Committee items be arranged with the Principal Scrutiny Officer to consider developments in the following projects:
 - a) Cardiff Capital Region City Deal
 - b) Civic Centre Heritage Quarter
- Members recommend that private delivery of the Metro is fully explored
- Members recommend that Local Development Plans across the ten local authorities involved in the City Deal be aligned

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

Regards,



Councillor Rod McKerlich
Chairperson, Economy and Culture Scrutiny Committee

cc Paul Orders – Chief Executive
Neil Hanratty – Director of Economic Development
Members of the Economy and Culture Scrutiny Committee.

Mae'r dudalen hon yn wag yn fwriadol

**SWYDDFA'R ARWEINYDD
OFFICE OF THE LEADER**

Fy Nghyf / My Ref: CM32997

Eich Cyf / Your Ref:

Dyddiad / Date: 18th February 2016

Cllr Rod Mckerlich
C/O Member Services
County Hall
Atlantic Wharf
Cardiff
CF10 4UW

Annwyl / Dear Rod

Economy & Culture Scrutiny - 3 December 2015 & 10 September 2015

Thank you for your letter dated 10th December 2015, and for inviting myself and officers to attend the Economy and Culture Scrutiny Committee meeting of 3rd December.

I have also been made aware that a response is outstanding to your letter of the 24th September, and I have taken the opportunity to include in this letter a response to the letter of the 24th September.

The support and comments of the Committee regarding the Cardiff Capital Region City Deal are welcomed and noted. I would be more than happy to provide an update on progress at a later date as part of the development of the City Deal as I believe Scrutiny Committee can make a useful contribution as the proposal is developed over the coming months. I would also be more than happy to discuss the Civic Centre Heritage Quarter at a future Scrutiny meeting as requested.

With regard to the issue of private delivery of the Metro, it is important to note that this is primarily a Welsh Government led initiative. Nonetheless, in taking forward the development of an improved city-region transport infrastructure it is important that we explore a range of options. As you note, strategic planning is also an integral part of the city-region development agenda, and as such it is anticipated that the City Deal will involve a movement towards a more co-ordinated approach to spatial planning.

With regard to the questions on the composition of the City Deal in the September letter, it is important to note how the infrastructure deals have worked elsewhere, where projects are considered through an agreed framework between participating authorities that sets out the criteria for the approval of projects – there is therefore no set number of projects that can be submitted.

ATEBWCH I / PLEASE REPLY TO:

Swyddfa'r Arweinydd, Ystafell 525, Neuadd y Sir, Glanfa'r Iwerydd, Caerdydd CF10 4UW
Ffôn (029) 2087 2500 Ffacs (029) 2087 2599

Office of the Leader, Room 525, County Hall, Atlantic Wharf, Cardiff CF10 4UW
Tel (029) 2087 2500 Fax (029) 2087 2599

It is proposed that the Cardiff City-Region City Deal will use 'net fiscal bottom line' as the primary objective. This essentially relates to ensuring there is GVA uplift arising from proposed projects, as well as a reduction in dependency (worklessness, etc).

There will also be secondary objectives that relate to ensuring that each participating local area experiences some benefit from the City Deal investment.

Typically deals are agreed between city-regions and the UK Government, but in the case of the Cardiff Capital Region, the Welsh Government will be an integral part of any deal we take part in. There is no specific deadline for agreeing a City Deal, though clearly we would like to get something in place as soon as possible.

Funding and finance arrangements are currently being discussed between partners. In terms of governance, this is a fundamental part of a successful City Deal given the level of investment that is expected. Whilst the final governance structure is to be determined, the model established in Glasgow has been recommended by KPMG as an appropriate model to follow.

I can also confirm that I am happy to bring to future Economy and Culture Scrutiny Committee meetings updates on City Deal developments and the Multi-purpose Arena when appropriate. We will also commit to continue working with the Joint Task and Finish Group on the Central Transport Interchange.

Thank you again for providing me with the opportunity to present at the Economy and Culture Scrutiny Committee. If you are happy, I will circulate the comments of the Economy and Culture Scrutiny Committee to partner local authorities so they are aware and clear of issues that have been raised by the members of the Committee. Given the significance of the City Deal in securing a better future for the Cardiff Capital Region I think it is important that members across the city-region are engaged appropriately in the process.

Yn gywir,
Yours sincerely,



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