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## GOHEBIAETH YN DILYN CYFARFOD Y PWYLLGOR

**Pwyllgor** PWYLLGOR CRAFFU'R ECONOMI A DIWYLLIANT

**Dyddiad ac amser  
y cyfarfod** DYDD IAU, 12 MAI 2016, 4.30 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](mailto:scrutinyviewpoints@cardiff.gov.uk)

10 **Gohebiaeth yn dilyn Cyfarfod y Pwyllgor** (*Tudalennau 1 - 14*)

Mae'r dudalen hon yn wag yn fwriadol

Fy Nghyf / My Ref: NRS/RM/PBr/12.05.16

Dyddiad / Date: 24 May 2016



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 – 12 MAY 2016**

Thank you for attending the May meeting of the Economy and Culture Scrutiny Committee, where we considered Quarter 4 Performance of the Economic Development Directorate and a pre-decision item for Cardiff Business Improvement District. I will be grateful if you could also pass on the thanks of the Committee to Neil Hanratty and Jon Day for their presentations 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

#### **Cardiff Business Improvement District**

I have written separately to Councillor Bale following our pre-decision scrutiny of the Cabinet report ‘Cardiff Business Improvement District’, given that the report falls under both of your portfolios. Please note that the comments made to Councillor Bale are the same as those below.

As you will be aware, the Members of this Committee have long been supportive of the development of a Business Improvement District (BID) in Cardiff, and as such we are pleased that the implementation of a BID is close, subject to a ‘yes’ vote being achieved at the upcoming ballot.

Members of the Committee are conscious that approximately 10,000 people live within the proposed BID area, as noted in the Cabinet report. We recognise that residents will not be contributing financially to the BID and consequently will have no formal representation on the BID Board, but we are encouraged that the Cabinet report makes a commitment to establish formal links with resident groups on City Centre Management issues, and to update the relevant local Councillors on any issues that will impact on their constituents.

From our discussions, Members understand that a non-profit BID Company will be established to oversee the delivery of the BID if the ballot secures the decision to proceed, and that this company will have a budget of approximately £120,000 to

cover administration and management costs. We were informed that details of this remain to be confirmed, including how many people will be employed by the BID Company. Members request that details of this budget are shared with the Committee when they are finalised.

With regard to the discussions that took place around the night time economy, and the potential of a Late Night Levy, the Committee see this as a big issue for Cardiff, but are conscious that this is something that will not be directly solved by the introduction of a BID. That said, during the meeting we were informed that approximately £250,000 could be allocated from the BID to night-time initiatives, and we see this as a very positive step toward addressing the issues in the city centre at night, particularly as we understand this is a greater amount than is estimated will be generated through a Late Night Levy.

We note that the Cabinet report outlines plans for any business paying into the BID to be exempt from any future Late Night Levy. We understand the rationale behind this proposal, but feel that as retail outlets and drinking establishments (and their associated clientele) impact on the city centre in very different ways, we are not convinced that all drinking establishments should be exempt from an additional Late Night Levy if they are also members of the BID.

This issue about the night-time economy prompts Members to question again the level of business rates redistributed from the Welsh Government to Cardiff. It is clear that additional burdens are placed on the city centre and its management across the weekend given the attractions and events that exist here, with people travelling into Cardiff for a night out from surrounding local authority areas. We are not clear whether this additional burden is being fully considered in Cardiff's allocation of finances, and hope to shed further light on the situation through our ongoing Inquiry.

#### **Quarter 4 Performance - Economic Development Directorate**

Members of the Committee were satisfied with the Quarter 4 performance reported by the Economic Development Directorate and the progress it outlined against key projects, particularly with a significant underspend being delivered against the 2015/16 Directorate Budget. There were no further comments with regard to specific elements that fall under your portfolio or responsibilities.

To re-cap for ease, the Committee asks that the following point be addressed:

- Please provide Committee with details of the budget allocation of the BID company in terms of administration and managerial costs.

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, Economic Development  
Cabinet Support Office  
Members of the Economy and Culture Scrutiny Committee

Mae'r dudalen hon yn wag yn fwriadol

Fy Nghyf / My Ref: NRS/RM/GH/12.05.16

Dyddiad / Date: 24 May 2016



Councillor Graham Hinchey  
Cabinet Member: Corporate Services and Performance  
City of Cardiff Council  
County Hall  
Atlantic Wharf  
Cardiff  
CF10 4UW.

Dear Councillor Hinchey

## **ECONOMY AND CULTURE SCRUTINY COMMITTEE – 12 MAY 2016**

### **Cardiff Central Market and Historic Arcades – Update on Improvements and Implementation of Recommendations**

Firstly, please accept my apologies that this Committee item was considered before you arrived at the meeting – the meeting ran significantly ahead of the agenda schedule, and I felt it appropriate to consider this item with the officers present rather than postpone the meeting until your scheduled arrival. I will be grateful if you could pass on the thanks of the Committee to Neil Hanratty and Helen Jones who presented the progress report to us and fielded the Members' questions in your absence.

The Committee was very encouraged by the presentation and information we received. It is clear that many of the recommendations produced in 2014 and associated work have been taken on board, and that the issues the Committee highlighted are being addressed. We can see that while there is still some way to go to achieve the full potential of Cardiff Central Market, there is clear progress being made toward this end.

The presentation we received set out the Council's vision for the Market to be in keeping with the top European markets, creating a vibrant ambience while keeping true to its history and the feel of a traditional farmers' market. This led to discussion during the around the mix of stalls within the Market, and the Council's ability to influence and potentially change the Market's offer. We recognise that the long term vision is developing, with good ideas for improvement such as a desire for higher end stalls to be introduced, exploration of later opening hours, and the idea of a farmers' market one or two days a week. We accept that there are limitations in the Council's ability to drive forward this type of change in the short term, and recognise that the introduction of tenancy agreements, and developments in marketing and branding are appropriate short term priorities.

Some of the key observations of this Committee's task and finish inquiry report were in relation to day to day operational practices within the Market, and therefore we are pleased to hear that these issues are being addressed. During the meeting we were informed that the 'blue line' demarcation indicating stall boundaries is now being enforced, a greener waste approach has been introduced, and underhand use of the Market is being tackled. This is an area that the introduction of formal tenancy agreements will help to address further. It was encouraging to be informed that as a result waste costs for tenants have fallen by 33%, and there is indication that tenant profits are up approximately 10%.

This Committee's task and finish Inquiry identified that Sunday is the second busiest trading day in the city centre, and yet the Market is not open for business. Surveys undertaken indicated that both traders and the public recognised the merit in the Market being open on Sundays. Members understand that it wouldn't be appropriate for the Market to be open seven days a week, but suggest that this might be an area worth exploring further with tenants, testing their appetite for such a change and examining whether it might be more appropriate to open all weekend and close for another day during the week.

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

Regards,

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**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.



Fy Nghyf / My Ref: NRS/RM/PB/12.05.16

Dyddiad / Date: 24 May 2016



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

Dear Councillor Bale

## **ECONOMY AND CULTURE SCRUTINY COMMITTEE – 12 MAY 2016**

Thank you for attending the May meeting of the Economy and Culture Scrutiny Committee, where we considered Quarter 4 Performance of the Economic Development Directorate and a pre-decision item for Cardiff Business Improvement District. I will be grateful if you could also pass on the thanks of the Committee to Neil Hanratty and Jon Day for their presentations 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.

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As you will be aware, the Members of this Committee have long been supportive of the development of a Business Improvement District (BID) in Cardiff, and as such we are pleased that the implementation of a BID is close, subject to a 'yes' vote being achieved at the upcoming ballot.

Members of the Committee are conscious that approximately 10,000 people live within the proposed BID area, as noted in the Cabinet report. We recognise that residents will not be contributing financially to the BID and consequently will have no formal representation on the BID Board, but we are encouraged that the Cabinet report makes a commitment to establish formal links with resident groups on City Centre Management issues, and to update the relevant local Councillors on any issues that will impact on their constituents.

From our discussions, Members understand that a non-profit BID Company will be established to oversee the delivery of the BID if the ballot secures the decision to proceed, and that this company will have a budget of approximately £120,000 to cover administration and management costs. We were informed that details of this remain to be confirmed, including how many people will be employed by the BID Company. Members request that details of this budget are shared with the Committee when they are finalised.

With regard to the discussions that took place around the night time economy, and the potential of a Late Night Levy, the Committee see this as a big issue for Cardiff, but are conscious that this is something that will not be directly solved by the introduction of a BID. That said, during the meeting we were informed that approximately £250,000 could be allocated from the BID to night-time initiatives, and we see this as a very positive step toward addressing the issues in the city centre at night, particularly as we understand this is a greater amount than is estimated will be generated through a Late Night Levy.

We note that the Cabinet report outlines plans for any business paying into the BID to be exempt from any future Late Night Levy. We understand the rationale behind this proposal, but feel that as retail outlets and drinking establishments (and their associated clientele) impact on the city centre in very different ways, we are not convinced that all drinking establishments should be exempt from an additional Late Night Levy if they are also members of the BID.

This issue about the night-time economy prompts Members to question again the level of business rates redistributed from the Welsh Government to Cardiff. It is clear that additional burdens are placed on the city centre and its management across the weekend given the attractions and events that exist here, with people travelling into Cardiff for a night out from surrounding local authority areas. We are not clear whether this additional burden is being fully considered in Cardiff's allocation of finances, and hope to shed further light on the situation through our ongoing Inquiry.

#### **Quarter 4 Performance - Economic Development Directorate**

Members of the Committee were satisfied with the Quarter 4 performance reported by the Economic Development Directorate and the progress it outlined against key projects, particularly with a significant underspend being delivered against the 2015/16 Directorate Budget.

Members are, however, concerned with the 9% drop reported for the 'GVA per capita (compared to UK average)' indicator, a change which represents a significant reduction in the productivity in Cardiff, and are concerned that this seemed to come as a surprise to the officers and Members present. We were given suggestions at the meeting that the drop in GVA is due to changes in the boundaries used in

measurement – please could this be confirmed and explained to us in writing as was proposed during the meeting?

The Committee is left questioning the point in monitoring and reporting these indicators if one that is marked as red at the year end is not being flagged as a serious issue to address, with no robust explanation to hand as to why it has been missed – particularly with the same indicator being included within the 2016–2018 Directorate Delivery Plan.

During the meeting Members also discussed a number of the key projects within the Economic Development Directorate. We wish to note the commitments made to consider an item on the Coal Exchange in June, and the Civic Centre Masterplan at a meeting during the summer months.

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

- Please provide Committee with details of the budget allocation of the BID company in terms of administration and managerial costs.
- Please provide details behind the failure to meet the GVA per capita (compared to UK average) target of 98% for 2015/16.

I will 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.

Mae'r dudalen hon yn wag yn fwriadol

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

Fy Nghyf / My Ref: CM34805

Eich Cyf / Your Ref:

Dyddiad / Date: 16th June 2016

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

Annwyl / Dear Rod

**Economy & Culture Scrutiny - 12 May 2016**

Thank you again for the invitation to attend the Scrutiny Committee of 12 May 2016.

With regard to the specific question relating to the BID management, the recently finalised business plan allocated £140,000 per annum over the five year period towards staff costs to oversee the management of the BID. There are however additional costs relating to the administration of the company, these include £25,000 for overall office and IT support (including accommodation) and £2,500 for insurance. An additional £1,500 is also included for staff training, as well as £1,600 for professional fees relating to the need for correctly audited accounts for the Company. It should also be noted that £37,500 has been set aside within the business plan for the costs of levy collection.

In terms of the position on the Late Night Levy, it should be reiterated that the commitment from the BID to contribute a figure greater or equivalent to what would otherwise have been raised by the Late Night Levy is predicated on the fact that businesses would not be charged twice to cover any additional services. Such an approach is seen as beneficial as not only does it mean a greater amount dedicated to supporting the management of the night time economy, it also provides a more co-operative approach between the business, the Police and the Council in tackling issues. Experience from elsewhere suggests that the Late Night Levy can also collect less than generally estimated, as many business choose to close early to avoid having to pay the Levy – this could also have a further detrimental impact inasmuch as it is the smaller bars rather than the clubs who would be affected.

With regard to the GVA per Capita indicator there are a number of key considerations in terms of Cardiff's current position. The calculation of GVA per capita is relatively complex, and is often adjusted retrospectively, which can have a significant impact on the use of the indicator to measure performance. Nonetheless, it remains an important indicator of overall economic activity, and it would be remiss of us not to note movements in relative performance given our aim for more and better jobs in Cardiff.

In terms of the specific data, this is calculated at the 'NUTS 3' level which covers both Cardiff and the Vale of Glamorgan. The 2013 data for GVA figure for Cardiff and the Vale of Glamorgan was retrospectively revised downward by the Office for National Statistics 4.1%, and subsequently this exaggerated the fall in performance between 2013 and 2014 simply as a result of our performance measures referencing our previously published figures. Over this period actual GVA rose by £95 million in Cardiff and the Vale of Glamorgan. It is clearly a concern however that the comparative performance in terms of GVA per capita is substantially lower than the UK average, and that we have fallen further behind the national average according to the latest measurements. Closer inspection shows that Cardiff and the Vale of Glamorgan has been hit particularly hard in the Public administration; education; health sector, whose contribution to GVA fell by £208m, a fall of some 7%. To put this into context the largest fall of any other major city of the UK was in Belfast, where the sector fell by 2%. Excluding this sector from GVA figures would have meant that overall GVA would have grown by over £300m, or 4% over the same time period. A sector comparison of GVA data is provided in the table below for comparison.

Gross Value Added (Income Approach) by SIC07 industry at current basic prices, £ million, Cardiff and the Vale of Glamorgan			
SIC07 Industry	2013	2014	Change 2013 - 2014
Agriculture, forestry and fishing	13	14	1
Production	1144	1139	-5
Manufacturing	628	638	10
Construction	566	593	27
Distribution; transport; accommodation and food	1635	1596	-39
Information and communication	362	375	13
Financial and insurance activities	973	1165	192
Real estate activities	1174	1204	30
Business service activities	1198	1277	79
Public administration; education; health	3036	2828	-208
Other services and household activities	458	462	4
All industries	10560	10655	95

Source: National Statistics

If you would like further analysis on this data please let me know and I will ask officers to provide additional detail.

Thank you again for your time, and please send my thanks to all other members of the Scrutiny Committee.

Yn gywir,  
Yours sincerely,



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

**SWYDDFA CYMORTH Y CABINET  
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref: CM34776  
Eich Cyf / Your ref: NRS/RM/GH/12.05.16

Dyddiad / Date: 20 June 2016



Councillor Rod McKerlich  
Chair, Economy & Culture Scrutiny Committee  
Scrutiny Services  
Room 263  
County Hall  
Cardiff  
CF10 4UW

Annwyl / Dear Councillor McKerlich

**Economy and Culture Scrutiny Committee - Thursday 12 May 2016 - Cardiff  
Central Market and Historic Arcades**

Thank you for your letter with feedback from the Economy and Culture Scrutiny Committee on 12 May 2016. I am pleased to hear that you are encouraged by the progress being made at the market. It is recognised by the Strategic Estates Department that Cardiff Market is a very important asset and we are fully committed to improving the offer.

In respect of the market opening on Sundays, this was trialled about five years ago; circa 60% of tenants refused to open, and the ones that did open advised that the footfall did not warrant opening. It was also fed back that Monday to Friday lunch time trade was extremely buoyant, and they did not want to give up a week day for a Sunday. That said, given the new signage is now in place, improvements are being made and the retail market is forever changing; we will discuss this again with tenants and the CCMTA and test the appetite to try again. In addition we have started to consider opening one evening during the week and we will review this further.

**ATEBWCH I /  
PLEASE REPLY TO:**

Swyddfa Cymorth Y Cabinet / Cabinet Support Office,  
Ystafell / Room 514, Neuadd y Sir / County Hall,  
Glanfa'r Iwerydd / Atlantic Wharf, Caerdydd / Cardiff,  
CF10 4UW Ffon / Tel (029) 2087 2479

*Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg a Saesneg a byddwn yn sicrhau ein bod yn cyfathrebu â chi yn eich dewis iaith boed yn Gymraeg, yn Saesneg neu'n ddwyieithog dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi.*

*The Council welcomes correspondence in English and Welsh and we will ensure that we communicate with you in the language of your choice, whether that's English, Welsh or bilingual as long as you let us know which you prefer. Corresponding in Welsh will not lead to any delay.*

Yn gwyir,  
Yours sincerely,



**Y Cyngorydd / Councillor Graham Hinchey**  
**Aelod Cabinet dros Wasanaethau Corfforaethol a Perfformiad**  
**Cabinet Member for Corporate Services & Performance**

Cc Members of the Economy & Culture Scrutiny Committee  
Neil Hanratty – Director of Economic Development  
Cabinet Support Office