



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

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

AGENDA

Committee ECONOMY & CULTURE SCRUTINY COMMITTEE

Date and Time of Meeting THURSDAY, 9 JUNE 2016, 4.30 PM

Venue COMMITTEE ROOM 4 - COUNTY HALL

Membership Councillor McKerlich (Chair)
Councillors Dilwar Ali, Howells, Hyde, Javed, Stubbs and Simmons

*Time
approx.*

1 Appointment of Chairperson

4.30pm

To note that at the Annual meeting of Council held on 26 May 2016, Councillor Rod McKerlich was appointed as Chairperson of this Committee.

1a Committee Membership

To note that at the Annual meeting of Council held on 26 May 2016, Councillors McKerlich (Chairperson), Dilwar Ali, Nigel Howells, Keith Hyde, Mohammed Javed, Ed Stubbs, and Elaine Simmons were appointed as Members of this Committee.

1b Terms of Reference (Pages 1 - 2)

To agree the Terms of Reference for the Economy & Culture Scrutiny Committee.

2 Apologies for Absence

To receive apologies for absence.

3 Declarations of Interest

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

4 Minutes (Pages 3 - 8)

To approve the Minutes of the meeting of the Economy and Culture Scrutiny Committee held on 12 May 2016.

- 5 Cardiff Coal Exchange (Pages 9 - 32)** 4.35 pm
- (a) The Leader, Cllr Phil Bale, will be invited to make a brief statement.
 - (b) Council Officers will be in attendance to provide a presentation and to answer Members' questions;
 - (c) Lawrence Kenwright and David Marsh (Signature Living) will be invited to make a presentation and to answer Members' questions;
 - (d) Mike Johnson (Coal Exchange Ltd) will be invited to make a statement and answer Members questions;
 - (e) Ian Hill (Save the Coal Exchange) will be invited to make a statement and answer Members questions;
 - (f) Hilary Roberts will be invited to make a statement and answer Members questions;
 - (g) Nerys Lloyd-Pierce (Cardiff Civic Society) will be invited to make a statement and answer Members questions;
 - (h) Jon Avent (Mann Williams) will be invited to make a statement and answer Members questions;
 - (i) David Leathley will be invited to make a statement and answer Members questions;
 - (j) The Leader, Council officers, and Signature Living representatives will be invited back to answer additional Members questions and address comments made;
- 6 Work Programming (Pages 33 - 38)** 6.20 pm
- (a) Members to discuss approach for 2016/17 work programming
- 7 Correspondence (Pages 39 - 42)** 6.25 pm
- 8 Date of next meeting**
The next meeting of the Economy & Culture Scrutiny Committee is scheduled for Thursday 7 July 2016 at 4.30pm, Committee Room 4, County Hall, Cardiff.
- 9 Way Forward** 6.30 pm

David Marr

Interim Monitoring Officer

Date: Friday, 3 June 2016

Contact: Andrea Redmond, 029 2087 2434, a.redmond@cardiff.gov.uk

Economy & Culture Scrutiny Committee – Terms of Reference

To scrutinise, measure and actively promote improvement in the Council's performance in the provision of services and compliance with Council policies, aims and objectives in the area of economic regeneration.

- Cardiff City Region City Deal
- Inward Investment and the marketing of Cardiff
- Economic Strategy & Employment
- European Funding & Investment
- Small to Medium Enterprise Support
- Cardiff Harbour Authority
- Lifelong Learning
- Leisure Centres
- Sports Development
- Parks & Green Spaces
- Libraries, Arts & Culture
- Civic Buildings
- Events & Tourism
- Strategic Projects
- Innovation & Technology Centres
- Local Training & Enterprise

To assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non-governmental bodies on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance Council performance or service delivery in this area.

This page is intentionally left blank

ECONOMY & CULTURE SCRUTINY COMMITTEE

12 MAY 2016

Present: County Councillor McKerlich(Chairperson)
County Councillors Dilwar Ali, Howells, Hyde and Weaver

76 : APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Javed and Simmons.

77 : DECLARATIONS OF INTEREST

A declaration of interest was received from Councillor Weaver, who declared a standing personal declaration of interest in that he is Assistant Cabinet Member for Libraries.

78 : MINUTES

The Minutes of the meeting of the Economy and Culture Scrutiny Committee held on 7 April 2016 were agreed as a correct record and signed by the Chairperson.

79 : BUSINESS IMPROVEMENT DISTRICT - PRE DECISION

The Chairperson welcomed The Leader, Cllr Phil Bale, Cllr Peter Bradbury (Cabinet Member - Community Development, Co-operatives & Social Enterprise) and Neil Hanratty (Director – Economic Development) to the meeting.

The Chairperson invited the Leader to make a statement in which he said that this was an opportunity to bring together the business community and identify strategic priorities for the City Centre. He added that whilst Cardiff is a vibrant City, it has to compete with others who continually improve their offer therefore there was a need to compete and work with businesses more closely; this would be decided by ballot in June. The leverage could add funding for the City Centre and a better offer for businesses and residents. Engagement with businesses would be ongoing. There is a process to re-ballot after 5 years, at which time support can be withdrawn if BID felt to not have delivered, although the vast majority of BID's have continued (90% re-ballot rate for existing BIDs).

The Chairperson invited the Cabinet Member to make a statement in which Councillor Bradbury added that it was right to bring the report to Scrutiny prior to Cabinet as Scrutiny inputted to the Cabinet Report, and he paid tribute to the work that Officers had put into this.

Members were provided with a presentation on the Cardiff Business Improvement District which included information as follows: Overview; Cardiff BID Development; Task Group; Proposal Overview and Issues.

The Chairperson thanked officers for the presentation and invited questions and comments from Members:

- Members asked about the management and governance of the BID and asked if it would be a limited company. Officers stated that it would be a not for profit limited company. Members noted that £120k per annum administration and management cost and asked how many staff this included. Officers did not have information relating to staff numbers as yet.
- Members sought views on the Late Night Levy. Councillor Bradbury stated that nothing could be ruled out however while asking for the BID levy it could be foolish to also ask for a late night levy; it was important to see if the BID was successful first. Officers added that no business should have to pay twice.
- Members asked about the BID links to City Centre residents and whether it would just be the City Centre Manager that would engage with them. Officers explained that informal links would be encouraged, residents couldn't be on the BID but it was key to have a direct relationship between residents and representatives from the BID board; good advocacy between them was important.
- With regard to the late night levy, whilst Members applauded the BID though it would be a shame to lose focus for the sake of a 1% levy on ratable value. The Leader stated that the BID had an interest in the daytime and nighttime economy, including additional spend on cleansing, and additional investment for cleansing during events etc. He added that rather than losing focus on the public realm, this unlocked a mechanism to engage with key stakeholders in the City Centre. Officers added that the BID provided an opportunity to spend more than what the late night levy would raise and it gave a sense of ownership to business owners.
- Members noted the major developments in the City Centre and considered that it could be built into new developments that they had to invest in additional facilities in the City Centre such as public toilets. The Cabinet Member added that the recommendations from the CASSC Night Time Economy report had been built into the Cabinet Report.
- Members noted that Swansea had a machine that froze chewing gum on the pavements and gave this as an example of things that could be invested in. It was noted that a BID board member from Swansea was on the Task group so ideas could be shared.

The Chairperson thanked officers for attending the meeting, giving their presentations and statements and for answering Members questions.

AGREED – That the Chairperson writes on the Committee's behalf to the Leader to convey their comments and observations. [View Letter](#)

80 : QUARTER 4 PERFORMANCE

The Chairperson welcomed The Leader, Cllr Phil Bale, Cllr Peter Bradbury (Cabinet Member - Community Development, Co-operatives & Social Enterprise) and Neil Hanratty (Director – Economic Development) to the meeting.

The Chairperson invited the Leader to make a statement in which he said that it had been a busy quarter culminating in the signing of the City Deal; there had been lots of work on big projects including the Arena and options for City Hall.

Members were provided with a presentation on the Economic Development Directorate Quarter 4 Performance, which included information on the following: End of Year Budget Position; Corporate Plan Commitments for Central Square, Multi-Purpose Arena, International Sports Village, Tourism Strategy, City Deal, Heritage Quarter and Cultural Venues; and Performance Indicators.

The Chairperson thanked Officers for the presentation and invited questions and comments from Members:

- Members asked if the GVA dropping by 9% was a cause for concern. Officers stated that whilst the GVA had dropped so had the employment rate, the rationale behind this was the reduction in public sector workers, which was around 4000 less, and also the employment rate for the 50+ age group. Officers added that the 9% figure also included the Vale of Glamorgan as it is calculated on a different boundary area than previously.
- With reference to the Coal Exchange, Members noted that questions had been asked at the last meeting and Members were told that information would be provided at the next meeting, yet the next day there was a press release. Members wanted to have an opportunity to Scrutinise this issue. Officers explained that they were unaware that the developer would be issuing a press release the next day as they thought it would be in 2-3 weeks' time; the matter is on the agenda for the next scrutiny committee.
- Members asked if the Civic Centre scheme was on schedule for quarter one. The Leader stated that it was a central issue, City Hall would remain integral part of the Civic Centre and that proposals regarding City Hall, the public realm and the movement of people through the area into the City Centre would be brought to committee.
- Members asked when they would see the parameters of the procurement of the Metro. The Leader explained that it was a Welsh Government driven project with an element of co-commissioning, agreed in the Heads of Terms City Deal. He added that it was still early for local government to influence and shape but they were partners in the infrastructure project.

The Chairperson thanked officers for attending the meeting, giving their presentations and statements and for answering Members questions.

AGREED – That the Chairperson writes on the Committee's behalf to the Leader to convey their comments and observations. [View Letter](#)

81 : CARDIFF CENTRAL MARKET - UPDATE FOLLOWING 2014 T&F INQUIRY

The Chairperson welcomed Neil Hanratty (Director – Economic Development) and Helen Jones (Strategic Estates Manager – Economic Development) to the meeting. The Committee was running ahead of schedule and it was agreed to consider the item without the Cabinet Member.

Members were provided with a presentation on Cardiff Central Market which included: Introduction as to what has been done so far; Waste Management and

Building Improvements; Market Branding; Marketing; Market Management and Future Direction.

Officers added that historically there were tensions between the CCMTA and the Council based on the approaches taken towards rent and service charges. Over the last 12 months' officers had worked hard to resolve issues and they were very close to setting this and moving into tenancy agreements across the piece. Officers stated that they want tenants to be proactive in the management of the market and were looking at Governance changes to give increased responsibility to tenants, especially with regard to service charges.

The Chairperson thanked officers for the presentation and invited questions and comments from Members:

- Members asked if there had been any issues with the business rates and exemption from Welsh Government. Officers were not aware of this and said that the issues they were aware of were rent and service charges rather than business rates.
- Members noted the success of the market was the uniqueness of the traders and asked what processes were in place to ensure that when filling vacant units, only good quality units were installed. Officers stated that they advertise vacant units and try not to get conflicting uses; longer term they would like higher end units and possibly extending the market into evening use. Officers added that there was an issue of single tenants occupying too many stalls, using friends and family to run them, this needed to be reviewed; they now advertise all vacant opportunities, the market should be a place for aspiring businesses to set up and start out on a low costs basis.
- Members asked about the turnover rate of units. Officers explained that traders don't move that often, vacant units are snapped up by existing traders so there is now a limit to the number of stalls one business owner can occupy.
- Members asked what aspirations there were for the types of businesses that officers would like to see in the market. Officers stated they would like a diverse mix, street food, farmers market, ethical type units.
- Members noted the temporary stalls outside of the market and asked if they have been approached to occupy units inside. Officers stated that they had been.
- With regard to the number of empty units at present, officers said there were only 1 or 2, they were consistently full. Officers were also checking existing use to ensure that units were not being used as storage facilities, or only opening for short trading hours; these issues would be part of the tenancy agreements going forward and the in house on site manager would also assist with this.
- When asked of Sunday trading and the by-laws around this had been considered, officers stated that lots of the traders work six days a week and don't employ any staff, but it was a matter that would be looked into further; an option would be Sunday opening when the City Centre is busy and closing on a quieter day.

The Chairperson thanked officers for attending the meeting, giving their presentations and statements and for answering Members questions.

AGREED – That the Chairperson writes on the Committee’s behalf to the Leader to convey their comments and observations. [View Letter](#)

82 : ANNUAL REPORT

Members were provided with the Draft Annual Report of the Economy and Culture Scrutiny Committee 2015/2016; prior to its consideration at Full Council in June 2016.

The Annual Report listed all the items considered by the Committee between July 2015 and May 2016 and highlighted those topics where the Committee had had greatest impact.

Members were asked if they had any amendments or observations to make to the draft Annual Report prior to its consideration by Full Council. It was noted that the report would be updated to include details of today’s meeting and the Chairs Foreword would be produced.

AGREED – That the Draft Annual Report of the Economy and Culture Scrutiny Committee 2015/2016; be submitted for consideration at Full Council in June 2016.

83 : DATE OF NEXT MEETING

The date of the next meeting of the Economy & Culture Scrutiny Committee was scheduled to take place on Thursday 9 June 2016 at 4.30 pm in Committee Room 4, County Hall, Cardiff.

This page is intentionally left blank

**CITY AND COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**

ECONOMY & CULTURE SCRUTINY COMMITTEE

9 JUNE 2016

CARDIFF COAL EXCHANGE

Purpose of report

1. To prepare Members for an item considering the Cardiff Coal Exchange, providing background and historical context to the building and setting out recent developments.

Scope of the Scrutiny

2. According to the Centre for Public Scrutiny¹, the ‘four cornerstones of public scrutiny’ are that the practice of scrutiny:
 - Is led by ‘independent minded governors’ who own the scrutiny role;
 - Presents a ‘critical friend challenge’ to the Executive;
 - Represents the views and concerns of the citizen; and
 - Leads to the improvement of public services.
3. This framework was built upon in 2013, when the Welsh National Scrutiny Officers’ Network published “The 15 Characteristics of Effective Scrutiny in Wales²” (subsequently endorsed by Wales Audit Office, the Older Person’s Commissioner for Wales and others), which were designed to ensure that scrutiny led to:
 - Better Outcomes for the area;
 - Better Decisions for the organisation; and

¹ www.cfps.org.uk

² <https://www.cardiff.gov.uk/ENG/Your-Council/Councillors-and-meetings/Scrutiny/Documents/Guidelines%20for%20effective%20Scrutiny%20in%20Wales.pdf>

- Better Engagement with citizens.
4. The condition of the Coal Exchange has been a matter of public concern in recent years, which this Committee has monitored. Previous scrutiny has considered the potential future uses of the Coal Exchange, the public's interest in the building, the proper role of the Council and of other partners in safeguarding the building's future, and more widely of Butetown's suite of heritage buildings.
 5. The Council Leader made a commitment to the Committee in April 2016 to bring an item on the Coal Exchange to a future meeting of the Committee. Plans have since then emerged for the development of the property, which have prompted further debate.
 6. Although the City of Cardiff Council does not own the Exchange building, it has worked closely with previous and current owners to seek to deliver a sustainable future for the building, and public commentators have indicated an expectation that the Council should play a role within its power to safeguard the building.
 7. At this meeting, Members will hear from a wide range of relevant stakeholders on the plans for the building's future, and on the basis of the evidence received will provide their observations and advice to the Council Leader.

Background to the Coal Exchange

8. The Coal Exchange was built between 1883 and 1886, and may be considered as one of the most important historic buildings in Wales. The building was the centre of the international coal trade, where businessmen – owners of shipping firms, coal mines and allied businesses – met to fix deals. The world price for coal was set here, and the first recorded million-pound business deal was struck on the premises.
9. The Coal Exchange closed in 1958 following a downturn for demand for coal. In 1975 the Coal Exchange building was designated Grade II* listed building status.

Its official listing recognises the building as *‘one of most historically important commercial buildings in Wales, illustrating the region’s immense commercial power in late 19th and early 20th centuries.’* The principal listed assets include the Exchange Hall, the original entrance lobby, the ground floor dealing rooms, the stone elevations and parts of the roof-scape.

10. Mount Stuart Square, where the Coal Exchange is located is also designated as a conservation area. Designated in July 1980, the conservation area contains a high concentration of listed buildings including some of the city’s finest examples of late 19th and early 20th century commercial architecture.

11. Through the 1970s and 1980s a number of proposals came forward for the use of the Coal Exchange including one for the building to host the prospective Welsh Parliament, but no major developed plans materialised. In the late 1980s the Coal Exchange came into the ownership of the Cardiff Bay Development Corporation (CBDC), which led to a refurbishment and the Coal Exchange being used as a venue for music concerts, weddings and other functions.

Coal Exchange Closure

12. In 2013 the Coal Exchange was closed to the public following concerns as to the buildings structural integrity and safety. ‘Saving the Coal Exchange’³ - a report taken to Cabinet on 29 January 2014 gave the following detail as the why this occurred;

“[...] discussions prompted the Council to commission RVW Engineers to undertake a detailed structural review of the building to determine its current condition and to provide a basis for valuing the building.

RVW’s work uncovered the very serious state of disrepair that the building had fallen into, and highlighted a series of issues requiring immediate attention to make the building safe. In particular the South

³ Saving the Coal Exchange – Cabinet Report – 29 January 2014 – paragraphs 10-19
<http://goo.gl/SSn2IA>

East wing facing the main entrance was found to be in a critical condition and in immediate danger of collapse and the North West façade to also be in imminent danger of collapse.

The Council's Building Control department was first informed of the condition of the building on 2 May 2013 through the provision of the initial draft summary of the report being prepared by RVW Consulting.

Further to this, the Council's regulatory services inspected the building with the city's Fire Officer. Following this inspection the Fire Officer issued a prohibition notice and closed large areas of the building with immediate effect. In addition the Council's public protection unit also issued notices to prohibit the use of the Exchange Hall by the public.

The Council had to act in the interest of public safety and took action under the emergency powers contained within Section 78 of the Building Act 1984. This relates to emergency measures being required to deal with a dangerous structure whereby the Council may take immediate action to remove the danger. Delegated officer authority was put in place via an Officer Decision Report on 2 July 2013 to carry out immediate works at a projected cost of up to £2m.

Under Section 78 the Council has the right to seek to recover its costs from the owner of the building, although the debt has to be proved through court action and recovery is dependent on the ability of the landowner to pay.

Throughout this process the Council has been in regular contact with CADW, the Welsh Government body responsible for conserving the historic environment in Wales, to ensure that any work undertaken does not compromise the integrity of this important historic building and coheres with the Listed Building Consent currently in place.

The Council has undertaken works during the period from June 2013 to October 2013 to create a safe zone around the building including erecting safety barriers and diverting services in the ground. In addition, very detailed surveys have been undertaken, including further monitoring, to establish a schedule of key issues [...]. Notice of the findings of RVW's work has been provided to Macob Exchange Ltd alongside a request that they take action to make the building safe.

Whilst it is clear that Macob Exchange Ltd has the right intentions for the building, their previous scheme for the development of the building is no longer viable and therefore the company is unable to raise further funds against the building to undertake any immediate works to make the building safe and/or to undertake works to restore the building. The company also received legal advice which advised against them undertaking any works without Listed Building Consent due to the potential of prosecution by CADW. On that basis Macob Exchange Ltd considered that the Council should undertake the works outlined by RVW within their regulatory powers.

On 18 October 2013 the Council decided to take further action directly to strengthen the erected protective barriers, particularly to the North of the building.”

Recent Developments

13. At the Council's 29 January 2014 Cabinet meeting, the following decisions were made:

Delegate authority to the Director for Economic Development in consultation with the Cabinet Member for Finance and Economic Development and the Section 151 Officer and the County Solicitor to:

- a) *Enter into an enabling arrangement with Julian Hodge Bank and Macob Exchange Ltd to support the development of the Coal Exchange at no cost to the Council;*

- b) *Finalise a Memorandum of Understanding subject to appropriate due diligence and financial and legal approval and to a report back to Cabinet before any legally binding obligations are entered into by the Council which would require a financial contribution from the Council in regard to the redevelopment and refurbishment of the Coal Exchange; and*

- c) *Continue discussions with the Welsh Government, the Wales European Funding Office, the Heritage Lottery Fund and other bodies to bring together an approach to develop a sustainable long-term use for the Coal Exchange as a business centre, subject to a detailed business plan and to a report back to the Cabinet before any legally binding obligations are entered into by the Council if the detailed business plan projects the need for an operating subsidy in regard to the part of the building which is to be transferred to the Council.*

14. In April 2016 it was announced by hotel developer Signature Living that a deal had been agreed for the restoration of the Coal Exchange building and the development of a new luxury hotel, conference and wedding facility. Plans indicate this would include the restoration of the Great Hall to its former glory, and create over 100 jobs and apprenticeships for Cardiff.

15. In negotiating this arrangement the City of Cardiff Council exercised its power as a mortgagee following a number of expressions of interest in the Coal Exchange. The Council issued the following statement:

“The condition of the building had been widely publicised and the Council received a number of expressions of interest. Signature Living was considered to be the party with the greatest commitment to restoring the building, coupled with an established track record for funding and carrying out similar projects.”

16. A planning application was submitted to the Council on 3 May 2016. The application describes the proposed development as:

“Application for the change of use of the Coal Exchange to form circa 200 bed hotel with function rooms, restaurant/bar, heritage exhibition space and spa.”

17. Members wishing to view the planning application in full can access the associated documents via the Council’s Planning portal⁴ and using the reference number 16/01024/MJR. This includes Design Access Statements, Plans, Drawings, Flood Assessment and Bat Scoping Survey.

18. Lawrence Kenwright, Chairman of Signature Living has been invited to the Committee meeting to outline proposals for the Coal Exchange and the work this will involve.

Recent Public and Stakeholder Reaction

19. Following the announcement by Signature Living, Steven Doughty MP (Cardiff South and Penarth) raised concerns with regard to a number of elements of this deal and called on the Welsh Government and CADW to undertake an inquiry. Mr Doughty also led a debate within the House of Commons on 20 April 2016, outlining his concerns in more detail. A full transcript of this debate can be found attached as **Appendix A**.

⁴ Planning Applications accessed via: <http://planning.cardiff.gov.uk/online-applications/>

20. A number of interested parties and stakeholders have also expressed an interest in the developments at the Coal Exchange, contacting the Chair of the Committee regarding these. The Committee will hear from these stakeholders at the meeting, as outlined in the Way Forward section and in more detail at **Appendix B**.

Previous Scrutiny of the Coal Exchange by this Committee

January 2014

21. At the Economy and Culture Scrutiny Committee's 9 January 2014 meeting, Members undertook pre-decision scrutiny of the report taken to Cabinet on 29 January 2014. Members were informed that the Council had spent approximately £900,000 securing and making the building safe. It was indicated that the costs incurred by Cardiff Council would be recouped.

22. Members were informed that the building is located in a strategic location, and was well positioned in terms of attracting new users. Officers stated that a number of commercial organisations had expressed an interest in bringing the building back into use.

23. Members wrote to the Cabinet Member for Finance and Economic Development to make the following points:

- Committee recognised that the Council was caught in a difficult situation, balancing the need to safeguard public safety, ensuring the future economic viability of Mount Stuart Square environment, and managing the Council's financial liability.
- Committee felt that the draft Cabinet report did not bring out the associated risks clearly enough, and that the issue around the challenges of managing these risks could have been explained in greater depth.

Members recommended:

- a) That Members and Officers seek to persuade senior politicians and officials within Welsh Government that this building is a resource of national significance, and encourage them to make a significant contribution themselves to the redevelopment of the Coal Exchange.
- b) That CADW be carefully brought on board to understand and share the aims of this proposal, to avoid any future negative intervention from CADW.
- c) That serious consideration be given to the appropriateness of partnership with retail and community partners, and any additional risks that this will bring (including the potential impact on rental values).

April 2016

24. In their consideration of the Economic Development Directorate Delivery Plan 2016-17, Members asked for an update on the Coal Exchange – which is listed alongside the action ‘Facilitate the regeneration of the Mount Stuart Square Heritage Quarter by attracting investment in key heritage buildings.’ The minutes of this meeting note the following:

Members asked for an update on the Coal Exchange, Officers advised that there was a commercial process ongoing, the Council was encouraging the developer to restore the building; there were proposals for a hotel in the building keeping an element of public access. It was noted that the Council was not the only stakeholder and Officers advised that they would bring a report on the Coal Exchange to Committee in the coming months.

Way Forward

25. The Council Leader, Councillor Phil Bale has been invited to the meeting and may wish to give a statement. Paul Orders (Chief Executive) and Neil Hanratty (Director of Economic Development) will be also be present and will provide a presentation to Members.

26. Lawrence Kenwright and David Marsh have been invited to represent Signature Living and will provide a presentation to Members.

27. Representatives of the following organisations have also been invited as witnesses to present to the members of the Committee:

- Save the Coal Exchange;
- Coal Exchange Ltd;
- Mann Williams;
- Cardiff Civic Society;
- Two independent representations will also be made.

28. Following these representations, the Leader, Council officers and Signature Living representatives will be invited to address the comments and concerns raised by the various stakeholders.

Legal Implications

29. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural

requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

30. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

Recommendation

The Committee is recommended to:

- a. Consider the contents of the report, discussions and evidence presented at the meeting.
- b. Report any comments, observations or recommendations to the appropriate Cabinet Member.

David Marr

Interim Monitoring Officer

3 June 2016

This page is intentionally left blank

House of Commons – Westminster Hall

20 April 2016 - 11.00 am (Volume 608)

Cardiff Coal Exchange

<https://hansard.parliament.uk/Commons/2016-04-20/debates/16042033000002/CardiffCoalExchange>

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op)

I beg to move,

That this House has considered the future of the Cardiff Coal Exchange.

It is a pleasure to serve under your chairmanship, Mr Howarth. I welcome the new Wales Office Minister to his post. We have both served on the Welsh Affairs Committee and I was pleased to hear that he would respond to this debate.

The subject of the recent ownership and the future of the Cardiff Coal Exchange is extremely complex. It cuts across devolved and reserved matters and the responsibilities of several UK Departments, including the Wales Office, and the Welsh Government. Let me make it clear at the outset that I do not expect the Minister to have all the answers today, but I hope he will listen carefully to my concerns. I am interested in his views on them and ask him to make representations to the Departments involved and the incoming Welsh Government, and to take a personal interest in the future of what is arguably one of the most important buildings of the Welsh national heritage and indeed our industrial heritage from the 19th and 20th centuries.

I do not want to detain the House too long on the remarkable history, architectural merits and the importance of the coal exchange to Cardiff and the Butetown community, as I want to focus on current matters, but I would be remiss not to remind the Chamber of some crucial issues.

Cardiff became the largest coal port in the world at the end of the 19th century and the coal exchange was constructed in the 1880s by Edwin Seward as a base from which to conduct trade negotiations regarding the coal mines of the south Wales valleys, with Cardiff being the key coal port in the world at the time. Following its opening, ship owners, their agents and many others interested in the coal trade met daily on the floor of the remarkable trading hall, where agreements were made by word of mouth and telephone. It has been estimated that 10,000 people would pass in and out of the building each day. At one time, the price of the world's coal was determined in the Cardiff Coal Exchange in Butetown. It is famously claimed that the first £1 million business deal took place and the first £1 million cheque was signed at the coal exchange during a transaction in 1901.

With the decline of the coal industry and of the export of coal from Cardiff and the Bute docks during the 20th century, the coal exchange eventually closed in 1958 and coal exports from Cardiff dock came to an end in the 1960s.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC)

I congratulate the hon. Gentleman on securing this debate and on his extensive work on the issue. He mentioned the proud history of the building, which is iconic for Wales. Does he agree that the Labour council that currently runs Cardiff should consider all those matters?

Stephen Doughty

I have some concerns about Cardiff Council's involvement, which are focused on the officers of the council, and I will make that clear.

The building became grade II* listed in 1975 and there were discussions about the use of the building, which is so important that it was considered as the future home of the proposed Welsh Assembly during the devolution referendum in the 1970s. It was also considered as the headquarters for S4C, the Welsh language television channel. Eventually, it was refurbished and reopened as a major venue hosting acts such as the Manic Street Preachers, Ocean Colour Scene and the Stereophonics. There has been support from across the music and entertainment spectrum and people who have enjoyed gigs and events there. I see my hon. Friend the Member for Cardiff West (Kevin Brennan) here and I know he has been there for many gigs, as has my hon. Member for Cardiff Central (Jo Stevens), as have I. There was even support recently from Sir Tom Jones, no less.

However, the coal exchange closed indefinitely in August 2013 as a result of claimed building safety issues and the imposition of prohibition orders by Cardiff Council, which were themselves a matter of controversy. There has been an issue about the council's regulatory functions potentially being used unsympathetically to frustrate access to the building over a number of years. We then saw the liquidation of Macob, the company that owned the exchange, and in 2014, ownership of the coal exchange was disclaimed by the liquidators and passed to the Crown Estate. That was an unusual legal situation and led to a great deal of uncertainty.

At that point, I became aware of a lot of local concern about the future of the building. My office is nearby in Mount Stuart Square in one of the other historic buildings of Cardiff Bay. The coal exchange is a building I have long felt a great attachment and passion for. Many people in the community came forward and, with the opportunity presented by its being disclaimed to the Crown Estate, I decided to make a public call for all the parties interested in its future to come together for the benefit of the community and to save the building.

I was contacted by many hundreds of people: existing tenants, experts, former workers in the building and people from the diverse Butetown community and those associated with the building in the past, as well as an extensive number of interested developers. We held a first major public meeting in Butetown in October 2014, which was followed by a smaller working group coming together to form what was to become the Save The Coal Exchange Campaign at the end of the same month. It was clear there was a significant appetite for a collaborative effort involving all those who cared about the building to find a solution.

A number of formal claims persisted against the building from Cardiff Council, Julian Hodge bank, Barclays bank and Coal Exchange Ltd, the company that had previously hosted events at the venue and had effectively been forced out of it by the council-imposed prohibitions, but there was great optimism that a solution involving the local community, the council, the Welsh Government, Cadw, the Heritage Lottery Fund, the Victorian Society and others who had expressed an interest, as well as a private developer or

investment of private funds, might result in a solution that would not only save this remarkable piece of heritage, but find a use or uses that could meet multiple needs, retain community access to it and generate revenue to secure its future. In the months following, there was much progress.

Over the past 18 months, the Save The Coal Exchange Campaign has secured parts of the habitable building, ensuring bills were paid for utilities, attracting a significant number of new tenants, ranging from lawyers to creatives and community organisations and, crucially, challenging the false perception that has repeatedly arisen that the entire building is derelict and at immediate risk of falling down. Parts of it are in a difficult state, but other parts are entirely functional and the public debate has at times been extremely misleading.

Surveys were undertaken and approaches made to prospective partners. The Save The Coal Exchange Campaign secured a grant of £10,000 from the Heritage Lottery Fund Wales with a view to a larger application. I commend the campaign for doing a remarkable job in keeping the building going and keeping open the options for its future. At the same time, the Welsh Government commissioned their own survey and studies, and a series of developers expressed interest in being involved.

On no fewer than seven occasions, I met Cardiff Council officials—

Craig Williams (Cardiff North) (Con)

The hon. Gentleman alluded to the Welsh Government study, which was done by Capita, and the Cardiff Council study, which was done by RVW. The costs were estimated to be in the region of £35 million to £45 million. Does he accept that that is an enormous amount of money, that the issue is not new, that the Welsh Government have sat on their hands when it comes to helping Cardiff Council out with this problem, and that a large amount of money could fall on taxpayers?

Stephen Doughty

I have concerns about the liability for taxpayers, but the Welsh Government have engaged proactively and positively. I hope that the new Government will look carefully at these issues.

As I said, on no fewer than seven occasions, I met council officials and was provided with repeated assurances of partnership. I spoke to Julian Hodge bank and Barclays bank, which assured me they would act in the interests of all those with a stake and the local community, and not sign off any deal that they did not think met those concerns. I also spoke to the Crown Estate, the Heritage Lottery Fund and many others. However, sadly, our hopes and optimism for a collaborative and transparent process seem to have been misplaced and I am sorry to say that over the last six months we have seen some deeply untransparent manoeuvres by a small group of council officers to cut a backroom deal, first with a Liverpool company, Harcourt Developments, and then with another Liverpool company, Signature Living, and its owner Lawrence Kenwright.

Despite my misgivings, I have tried at all times to maintain an open mind to various developers and proposals that have come forward. Indeed, I was happy to put them in touch with relevant parties and the Save The Coal Exchange Campaign. That includes Signature Living. I met its representatives on a number of occasions, including Lawrence Kenwright on three occasions, to listen to their plans and to ask detailed questions, not least because one of the positive aspects of its proposal was, on the face of it, to maintain

the core heritage fabric. However, as time went on and more matters came to my attention, I became increasingly concerned about its suitability as a developer and the nature of its assurances, which seemed to vary at every meeting. I raised those directly with Cardiff Council and many of the other parties but I was assured that they would be fully examined again and again.

So we come to the present day. The Minister will be aware that in the last two weeks there has been a sudden announcement that a deal has been facilitated by Cardiff Council to transfer ownership of the coal exchange to Signature Living, followed by a barrage of heavy corporate PR from Mr Kenwright and subsequent controversy in the media and local community, with nearly 800 local individuals now having signed a petition criticising the deal.

Let me be clear. I am not opposed to a private developer being involved in a solution to save the coal exchange. Indeed, since day one, I have been clear about the level of finance needed. I am also perfectly happy to put my personal concerns about Mr Kenwright to one side in the interests of any deal about the building and the local community. It is easy to provide a fait accompli in these situations—to present oneself as the only alternative, threaten dire consequences, respond to any criticism or reasonable questions as a “slur” and warn of the jobs that might be lost. But we owe it to the building and the local community in Butetown, Cardiff and, indeed, the rest of Wales to secure the right solution for the coal exchange.

I want to detail a few specific concerns that I hope the Minister will listen to carefully. First, on the process, previous dealings with Macob and other potential developers reveal a concerning record. Freedom of information requests have revealed a complex web of negotiations over a number of years, including that the council was contemplating a development that would have seen a significant proportion of the building demolished and the building of a multi-storey block of flats. That is hardly reassuring.

There has been no tender or public process in this instance. The council was fully aware of the concerns during the process, and I do not understand why it did not go forward in a fully transparent and open way to secure the right bid. In fact, one developer came to see me to tell me of his concerns—that bid was supported by officials at the Department for Business, Innovation and Skills, at UK level—and told me that in effect he had been scared away by the council: it was not interested and he should go away.

In recent days the council appears to have exercised its right of sale to seize and transfer the building to Signature Living. How it did that is unclear and has been questioned by independent legal practitioners. That largely centres on a claim that the council has made, but never fully substantiated, of “costs” that it incurred and then attempted to formalise by pinning a notice to the building some months ago. It appears to have done a deal with other claimants to relinquish their charges.

Lawrence Kenwright has claimed in the press this week that he beat dozens of competitors. On 8 April I had an email from the council’s director of economic development, Neil Hanratty, that made the point that the

“condition of the building has been widely publicised”.

He went on to confirm that rather than dozens, only

“four parties were interviewed by a panel of officers including the Listed Building...Officer and a representative of Julian Hodge Bank.”

I find it very odd, given the UK and international interest in the building, let alone that in Wales, that the council appears to have engaged in negotiations in the past 18 months with only two companies, both of which happen to be from Liverpool. It is a shame that the council did not get together with other key

stakeholders to put together a public bid process, working with all those other people who could have played a part in finding the best solution.

I also have concerns that this matter has not received the proper democratic scrutiny. It does not appear to have gone to the cabinet or the leader of the council, or, to my knowledge, to the council's economic development committee.

I want to turn now to Mr Kenwright's financial background. I am afraid that Mr Kenwright has been less than transparent about his financial history, and I think it is in the public interest to raise these matters so that others can draw their own conclusions. Mr Kenwright did not proactively disclose these to Cardiff Council or to anybody else who met him. Indeed, the council claimed that it was unaware of them when I raised them with it. He has blamed his past difficulties on the credit crunch and said that they have made him "a better businessman". He has attempted to downplay them in the Welsh press this week. He told WalesOnline:

"I had an apartment block in Liverpool which went over budget. I was one of the first ones to go bust. The only difference between liquidation and bankruptcy is giving the personal guarantee."

However, Mr Kenwright confirmed to me personally in a meeting in the House on 9 March that he was made bankrupt as recently as 2010, in Liverpool Crown court on 22 June in that year. The credit crunch of course started in 2008. And, crucially, he was a director, as reported in the north Wales Daily Post on 28 April 2004, of a clothing company called Yes & Co. Distribution Ltd, which in 2002 went into liquidation, with an estimated £1.9 million owing to creditors. The newspaper reported at the time that a Patricia Kenwright—believed to be his former wife—was disqualified from being a director for four years and that her husband Lawrence Kenwright accepted a similar undertaking for eight years, and a Frederick Greenwood for five years. That of course suggests that Mr Kenwright could have been disqualified until as recently as 2012, although admittedly that is not clear.

It is not clear why the directors were disqualified, but the newspaper reported that Mrs Kenwright

"allowed the company to fail to deal properly with its taxation affairs."

For the record, the Insolvency Service lists a range of reasons for being disqualified. Of course, there could have been another Lawrence Kenwright, so I wanted to ask him directly, and he confirmed that he was a former director of Yes & Co. and that he had indeed been disqualified. It is interesting to note that until recently he was not even listed as a director of the company that he set up to facilitate the purchase of the coal exchange. As of yesterday, Signature Living Coal Exchange Ltd listed only one director, his current wife Katie Kenwright, although Mr Kenwright is listed as a director of Signature Living Coal Exchange Ops Ltd.

I want to turn briefly to the financial model—

Craig Williams

Will the hon. Gentleman give way?

Stephen Doughty

If I may, I will not. We have limited time and I have already taken one intervention, but I might take another later if we have enough time.

The financial model that Mr Kenwright proposes to use for the building is the BPRA—business premises renovation allowance—scheme. That was introduced in the Finance Act 2005 and was intended to bring derelict or unused properties back into use. The scheme gives an initial allowance of 100% for expenditure on converting or renovating unused business premises in a disadvantaged area. However, the Chancellor of the Exchequer has announced the end of the scheme from the end of this financial year, after a raft of concerns, and investigations by Her Majesty’s Revenue and Customs.

The council has claimed to me that Signature Living has told it that it has secured an “approved £12 million” and up to a further £30 million. However, Lawrence Kenwright told me that only one of his previous schemes had received full approval from HMRC. I am deeply concerned. Given the investigations into these schemes in the past and the risk of their not being approved, where does the liability lie? We also ought to ask, given the current climate and concerns about tax avoidance and transparency: is this the right scheme to be funding this sort of building? Should we be assisting wealthy individuals and shadowy funds to avoid tax in this way? The Treasury has decided that it will end the scheme, which I think shows what it thinks of it.

The Financial Times reported on 14 July 2015:

“HM Revenue & Customs indicated it saw problems with arrangements involving BPRA, drawing parallels with abusive avoidance schemes, and a year later added them to its public ‘Spotlights’ list of arrangements it said taxpayers should avoid.”

A range of concerns were raised. The FT continues:

“Where tax relief was not granted to taxpayers before 2013, the Revenue has in most cases withheld it, said Mr Avient”—

he comes from UHY Hacker Young—

“ ‘The Revenue clearly saw a situation where certain structures were stretching the rules too far’...it has issued a raft of accelerated payment demands to repay disputed tax to BPRA scheme investors. These tax bills cannot be appealed.”

Interestingly, on 21 April 2014 the Liverpool Echo revealed the problems with the Stanley Dock regeneration scheme, funded in the same way. Builders were left unpaid; the council was left having to provide a significant amount of grant—multi-million pounds—and there was a complete lack of transparency. That involved another Liverpool company called Harcourt, which incidentally, as I said, was the previous preferred partner of Cardiff Council. The Liverpool Echo reported that it was

“surprisingly difficult to pin down the developers and owners”,

which I think exposes the difficulties and concerns about the transparency of these schemes and their solidity.

I also have concerns about what the building will be—what is the proposal on the table? We have heard about it being proposed as a hotel. It is clear that Signature Living is a hotel developer. I am not opposed to a hotel development and I am sure that many other people in the community are not, but it is still, as of

this date, unclear what parts of the building will be used for what. At various times, in various meetings, we have been told of residential, part-hotel and normal hotel usage. In fact, Mr Kenwright suggested to me that it might be a third, a third, a third—or, as he put it, “as much as the council let me get away with”.

We need to be very clear—we need to know—before accepting or agreeing that this scheme is a good thing what the building will be used for. Tenants and businesses in the area and residents in the square—it is already a significant residential area—need to understand what will be there. Will there be lots of big parties coming there? Mr Kenwright has a hen and stag business in his hotels in Liverpool. Will lots of people be living there and will there be parking issues and all the other things associated with that? None of those schemes is necessarily wrong, but the public have a right to know what the building will be.

I come now to community benefits and issues. First, the Save The Coal Exchange campaign has listed a whole series of issues that it would want to be included in a section 106 agreement. It would want to see those outlined and agreed to. We have had promises of jobs and apprenticeships, although Lawrence Kenwright told me that the company would “bring their own people in”. Where are the clear assurances on jobs and apprenticeships?

Secondly, there are existing tenants—nearly 40 tenants—in the building. What assurances have they been given? They are deeply fearful that the council may step in, given its history, issue prohibition notices and see them evicted once building work starts. Where are the assurances for them?

We also have concerns about engagement with the local community in the square. There has not been serious consultation with local residents or businesses. Signature Living has been advertising major changes to Baltic House, home of the Wales Council for Voluntary Action. Is it aware of those; has it been consulted?

I have had an exchange of letters with the council about this matter and have had some assurances, but the letter from Neil Hanratty on 8 April confirms only that

“commitment to the above will be secured formally through the planning process”

and merely that Signature Living has “agreed in principle”. We should be having cast-iron guarantees for a building of this nature, with this kind of expenditure and the potential impact. These are really serious issues and we want to ensure that there is that community benefit, quite apart from all the other issues about access to the building.

Finally, heritage was one of the most positive aspects of the Signature Living proposal but, even so, there are concerns. In March 2016, the Victorian Society wrote to City of Cardiff Council officer Pat Thompson, copying in Neil Hanratty, saying that it had heard nothing from the council for 20 months and that

“the lack of communication from Cardiff Council is both disappointing and concerning... we are concerned that without close scrutiny, and clear direction from the local authority, aided and informed by a proper assessment...an acceptably sympathetic scheme, might...prove difficult to achieve. In 2013 and 2014 the Society was involved in consultations with Signature Living over its proposed hotel conversion, of Albion House, Liverpool, a Grade 2* Listed Building by Richard Norman Shaw.”

That building will, of course, be of interest to those of us in this Parliament. The letter continued:

“From our point of view the process was far from ideal. Plans were drawn up hurriedly and without any evidence of the sort of high quality, detailed heritage assessment a Grade 2* Listed Building demands. Perhaps unsurprisingly therefore, the conversion involved some alterations and additions that we as well as

Historic England advised were unsympathetic and harmful. These were undertaken regardless, some seemingly prior to receiving the necessary consents... None of this is to suggest that Signature Living is incapable or indisposed to deliver a high quality sensitive scheme, rather it is to demonstrate that without proper guidance...in the form of a Conservation Management Plan and a structural survey, a less sympathetic and unnecessarily damaging conversion scheme is the likely outcome.”

I conclude by identifying a few key areas. First, the questions about the financial background are deeply concerning. What does the Minister think? I want Cardiff Council to be clear about its due diligence process in that regard, particularly on the sureties around the BPRA scheme, given the concerns that have been raised. What happens if that goes wrong? Who will bail this out? Who will deal with the financial consequences?

Secondly, on heritage and planning, there is a clear need for strict oversight from Cadw, the Victorian Society and others, for conservation management plans and for surveys, whatever developer comes in. Thirdly, we need guarantees in writing, not assurances that mean nothing, on the community issues and on access to the building. We need guarantees for the tenants of the building as it is, and we need an inquiry into the overall process over a number of years. The process has been deeply unsatisfactory and has involved the use of health and safety powers and the spending of public money in a deeply non-transparent way. We should put a halt to the proposal, re-engage with the community and other stakeholders and act in the national interest to save the coal exchange.

Mr George Howarth (in the Chair)

I put it on the record that I had no foreknowledge of what the hon. Member for Cardiff South and Penarth was going to raise. I raised some issues about one of the developments he mentioned on behalf of some constituents many years ago, and I would not want it to be thought that I had any prior knowledge that he would mention it, otherwise it might not have been appropriate for me to take the Chair today.

The Parliamentary Under-Secretary of State for Wales (Guto Bebb)

It is a pleasure to serve under your chairmanship, Mr Howarth. I congratulate the hon. Member for Cardiff South and Penarth (Stephen Doughty) on his speech and on securing this debate. It is important that Westminster is still relevant to the communities that we represent in Wales, and highlighting such issues in Westminster Hall debates is appropriate and correct. He said that he does not expect me to have all the answers, and indeed it would be inappropriate for me to respond to some of the points that have been raised because many of them are issues for the Welsh Government and for City of Cardiff Council, which as part of local government in Wales is answerable to the Welsh Government. I will have to restrain myself from commenting on devolved areas. It is important to place this debate in context and to respond to the undeveloped issues, and I will particularly respond to the questions on the tax allowance system. Additionally, it is important to touch on the Crown Estate’s position in the sales process to try to allay some of the fears he raised.

On the background to the debate, I fully subscribe to the hon. Gentleman’s comments on the coal exchange, which is an iconic Welsh building. We should be proud that Wales was able to dictate the price of coal throughout the world, and we should trumpet that the first £1 million business transaction—the sale of coal to France—happened at the coal exchange. We should talk about that when we discuss the history

of Cardiff but, in the context of Cardiff bay, this debate is also an opportunity to highlight the way in which Wales has developed. We should proudly boast of the revitalisation of Cardiff bay and highlight the economic impact of the changes in Cardiff that have been secured through the work of successive Governments here in Westminster, in co-operation with Governments in Cardiff bay—it is an example of the two Governments working together and of the local authority being proactive in redeveloping an area that was ripe for redevelopment. This is a success story, and there is no doubt that the coal exchange is an iconic building at the centre of the proposed redevelopment of Cardiff bay.

When we talk about redevelopment and business opportunities in Cardiff, it is no bad thing to trumpet, for example, the Cardiff city deal. I represent a north Wales constituency, and I often hear the accusation that all the investment in Wales goes to Cardiff, but it is important to point out that the scale of the Cardiff city deal is not confined to the city of Cardiff; it will have a huge impact on all the areas surrounding Cardiff. Indeed, a significant proportion of the Welsh population will be affected by the Cardiff city deal, which has secured a £1.2 billion investment on a cross-governmental level. I am sure that every hon. Member in this Chamber would welcome that.

Cardiff is a city that is going places and performing extremely well in attracting inward investment. There is no doubt that the Cardiff bay area has been crucial to the refocusing of Cardiff in the mind of inward investors as a city with a “can do” attitude, which has made a difference to job creation throughout the area and south Wales.

Craig Williams

There is a direct comparison between the scale of regeneration in Cardiff under the Cardiff Bay Development Corporation, which was formed under the previous Conservative Government, and the city deal in partnership with the Wales Government. It is a national disgrace that we are debating the future of the coal exchange and that it has been left to fall down through the inaction of the Labour Welsh Government. The impression has been given that the officers run City of Cardiff Council, which has a Labour cabinet.

Kevin Brennan (Cardiff West) (Lab)

Speech!

Mr George Howarth (in the Chair)

Order. That is very lengthy for an intervention.

Guto Bebb

Concerns have been raised by my hon. Friend the Member for Cardiff North (Craig Williams) and by the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) on the inactivity, or otherwise, of the Welsh Government. It is not for me to comment on that, but I am sure that the hon. Member for Cardiff South and Penarth will be making his views known in due course. •

Two specific issues have been raised to which I can respond. First, I cannot respond to the sales process adopted by City of Cardiff Council, but it is only right and proper that I address the involvement of the Crown Estate, about which the hon. Gentleman expressed concern. It is clear that the whole process was subject to the escheat process, which means that the building was never owned by the Crown Estate. As such, the Crown Estate was neither consulted nor involved in the process by which the property's ownership is being transferred. That is not unique; it is a pattern that can be seen in many circumstances involving the Crown Estate. The actual decision-making process will be for City of Cardiff Council and the Welsh Government. Although the Crown Estate is technically involved, it is not odd that it was not consulted and did not provide any input in the process.

The hon. Gentleman mentioned the tax allowance scheme, and it is fair to say that the business premises renovation allowance is central to the redevelopment plan. He is right to highlight the fact that the scheme will be coming to an end at the end of this financial year at the end of March 2017. He is also correct that concerns have been raised about the way in which the scheme has been utilised in the past. Those concerns, which were raised, I think, back in 2011-12, have been addressed by Her Majesty's Revenue and Customs, and it was stated in summer Budget 2015 that the scheme would be coming to an end. That is still the case. It is important to highlight the fact that the BPRA is a capital allowance scheme, and my understanding is that under such schemes any claim for the allowance would have to be made retrospectively, after the expenditure is made. It is also important to highlight the fact that any claim for a capital allowance under such a scheme would have to refer to expenditure incurred during the 2016-17 financial year. Any expenditure incurred after that point would obviously be outside the scope of the allowance scheme, which is a fairly important point.

Stephen Doughty

rose—

Guto Bebb

I apologise, but I am afraid that I have only one minute.

The hon. Gentleman's concerns have been heard, if nothing else. By raising this issue in Westminster, he has ensured that the concerns of tenants, the local community and elected representatives have been heard. The concerns raised in relation to the tenants of the coal exchange are valid and should be addressed, and everyone would agree that the redevelopment of such an iconic business should be open and transparent and should have the support of the local community. However, on the issues relating to the involvement of the Westminster Government, I restate that the Crown Estate process has been par for the course. In the same way, the concerns raised about the tax allowance scheme are valid if this redevelopment does not happen before the end of March 2017 but, as it currently stands, the scheme is still in existence.

Question put and agreed to.

WITNESSES**COAL EXCHANGE**

The following individuals have been invited to speak at this item:

Cllr Phil Bale Council Officers	City of Cardiff Council
Lawrence Kenwright David Marsh	Signature Living
Mike Johnson	Coal Exchange Ltd
Ian Hill Kerry Hood	Save the Coal Exchange
Hilary Roberts	Individual
Nerys Lloyd-Pierce	Cardiff Civic Society
Jon Avent	Mann Williams
David Leathley	Coal Exchange Tenant

Stephen Doughty MP was invited to participate but sent apologies as he is unable to attend – a transcript of the debate on the Coal Exchange led by Mr Doughty at Westminster Hall can be found at **Appendix A**.

Approximate timings

(n.b. – 5 minutes within each section is allocated to questions and discussion with Members of the Committee)

City of Cardiff Council	4.30 pm
Signature Living	4.50 pm
Mike Johnson (Coal Exchange Ltd)	5.05 pm
Ian Hill (Save the Coal Exchange)	5.15 pm
Hilary Roberts	5.25 pm
Nerys Lloyd-Pierce (Cardiff Civic Society)	5.35 pm
Jon Avent (Mann Williams)	5.45 pm
David Leathley	5.55 pm
City of Cardiff Council	6.05 pm
Signature Living	

CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD

ECONOMY AND CULTURE SCRUTINY COMMITTEE

9 JUNE 2016

WORK PROGRAMME 2016/17

Purpose of Report

1. The Council's Constitution states that each Scrutiny Committee will set its own work programme for the forthcoming year (Scrutiny Procedure Rule 7). The Committee is now tasked with constructing a work programme for the year ahead that ensures the time available to the Committee is used most effectively, by considering items in a timely fashion that maximise the impact of scrutiny.
2. The purpose of this report is to invite Members to consider the approach they would like to take to setting the work programme for the municipal year 2016-17.

Background

3. This Committee's terms of reference give the Committee responsibility for scrutinising, measuring and actively promoting improvement in the Council's performance in the provision of services and compliance with Council policies, aims and objectives in the area of economic regeneration, including:

- Cardiff City Region City Deal
- Inward Investment and the marketing of Cardiff
- Economic Strategy & Employment
- European Funding & Investment
- Sports Development
- Parks & Green Spaces
- Libraries, Arts & Culture
- Civic Buildings
- Events & Tourism

- Small to Medium Enterprise Support
- Cardiff Harbour Authority
- Lifelong Learning
- Leisure Centres
- Strategic Projects
- Innovation & Technology Centres
- Local Training & Enterprise

4. In addition, the Committee has responsibility to:

- Assess the impact of partnerships with and resources and services provided by external organisations including the Welsh Government, joint local government services, Welsh Government Sponsored Public Bodies and quasi-departmental non governmental bodies on the effectiveness of Council service delivery.
- Report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures, which may enhance Council performance or service delivery in this area.

5. It is anticipated that the exact dates of Committee meetings will be confirmed at Full Council on 30 June 2016. Normally, Committee meetings are scheduled for each month, apart from August, meaning that there are eleven scheduled meetings. The holding of the Local Council elections in May 2017 will mean that most Council meetings in April will be suspended.

6. Members may also decide to hold task group meetings, where several Committee Members take on the work of scrutinising a specific area in-depth, on behalf of the whole Committee, with their report then considered by the whole Committee prior to approval.

Developing a work programme

7. The work programme is normally constructed at the beginning of the municipal year but can be updated during the year. There are many scrutiny approaches open to the Committee when constructing its work programme, including:

- a. **Policy Review & Development** – where the Committee contributes to the development of policy by scrutinising and making recommendations on proposals.
 - b. **Pre decision** - Where the Committee has evaluated and commented on proposals before they go to the Cabinet, giving the Cabinet the opportunity to know Scrutiny Members' views prior to making their decision.
 - c. **Inquiries** – where the Committee examines a clearly defined topic using a planned task group approach over a set period of time, resulting in a clear set of key findings and recommendations.
 - d. **Performance Review** – where the Committee regularly analyses key performance data from the service areas within its' remit in order to: highlight good performance; identify poor performance; examine trends over time; benchmark against other authorities; investigate management actions and examine the impact that initiatives and changes in resources have on performance and service delivery.
 - e. **Monitoring Reports** - Where the Committee undertakes monitoring of the Council's performance and progress in implementing actions previously agreed.
 - f. **Call In** – the Council's constitution allows for any Member to call-in a Cabinet decision prior to implementation. The Call-In period is set at seven working days after the publication of the decision on the Council's intranet site. For a decision to be valid for Call-In it has to comply with criteria and parameters set out in the constitution. A Scrutiny Committee may recommend that a decision be reconsidered.
8. Within the above approaches, Members can choose various methods of scrutiny and evidence gathering. Members can hear from relevant Cabinet Members and internal officers as well as external witnesses such as external inspectors, statutory partners, third sector organisations, service user representatives, and

other relevant stakeholders. Members can choose to hear items at Committee, where all Committee Members have the opportunity to scrutinise the issues, and this can either be as a one-off item or as a series of items over time, focusing on the same topic, for example scrutinising policy development, undertaking pre-decision scrutiny of the proposed policy and scrutinising the impact of the implementation of the policy. Members can also choose to consider items via short or long term task group inquiries.

9. Scrutiny Committees therefore have the opportunity to input into the development of policies and strategies, comment on operational and service delivery issues, identify potential improvements and savings, highlight good practice and reflect the voice and concerns of the public. However, given the range of subject areas covered by each Committee, Committee Members have to prioritise items. Normally, Members prioritise items where scrutiny can have most impact, so that the time and resources available to the Committee are most effectively used.
10. Over the years, Scrutiny Services has developed various tools that Members can use to assist them to develop and prioritise a work programme. The first stage is to identify potential work programme items for consideration and prioritisation by Committee Members by: seeking suggestions from Members and stakeholders; reviewing the items recommended by the previous Committee; reviewing corporate documents, forthcoming legislation, the work programmes of relevant auditors, inspectors and regulators and partnership, consortia and regional documents; and checking other relevant documentation to identify areas within the terms of reference for the Committee.
11. Following the preparation of a list of potential items, Committee Members will need to prioritise the items. A mechanism that has consistently been used by Cardiff Council Scrutiny Committees is known as PICK, which stands for:
 - Public Interest
 - Impact
 - Council Performance and
 - Keeping in context.

12. By using the PICK mechanism, Committee Members can be assured that they prioritise areas where Scrutiny can have most impact, that are of importance to the public, that will help to deliver improved performance and that are not being investigated by other routes.
13. When Committee Members decide to prioritise an area of task group inquiry, Scrutiny Services will work with them and other stakeholders to complete a scoping report that defines: the terms of reference for the inquiry; proposed timescales; involvement of other agencies; major constraints and resource issues; and the critical success factors that can be used to judge the success of the scrutiny exercise. This report is then brought to the whole Committee to discuss, amend as necessary and approve.

Way Forward

14. Members may wish to explore the best approach to developing the 2016/17 work programme, including agreeing the approach to take to generate the initial list of items and to prioritise items. In previous years Members have used a number of methods to consider options for the work programme and prioritise topics for consideration, this includes a work programming forum in private, a work programming forum during a Committee Meeting, and a 'speed dating' session with officers and stakeholders. The forum's proposals are then presented to Committee for formal approval of the work programme.
15. Members may wish to raise particular issues of interest for inclusion in the Committee's work programming forum discussions.

Legal Implications

16. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications.

However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

17. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATION

The Committee is recommended to: Discuss and agree the approach to developing the Committee's work programme for 2016-17, so that a final version of the programme can be brought back to the Committee for formal approval.

David Marr

Interim Monitoring Officer

3 June 2016

**CITY & COUNTY OF CARDIFF
DINAS A SIR CAERDYDD**

ECONOMY & CULTURE SCRUTINY COMMITTEE

9 JUNE 2016

COMMITTEE BUSINESS AND CORRESPONDENCE – INFORMATION REPORT

Background

1. This report provides an overarching Committee Business Report, and includes the correspondence update schedule. Following Committee meetings, the Chair writes a letter to the relevant Cabinet Member or senior officer, summing up the Committee's comments, concerns and recommendations regarding the issues considered during that meeting. The letter usually asks for a response from the Cabinet Member to any recommendations made and sometimes requests further information.

Committee Meeting Correspondence

14 January 2016

2. A reply has been received to the letter written to the Cllr Bradbury following Members consideration of the Summer Reading Challenge, Adult Community Learning and Stakeholder views on the Budget Proposals. The reply was received on 23 March 2016 and can be viewed via the following link - <http://goo.gl/6d40iW> (pages 11 – 13)

15 February 2016

3. At this meeting the Committee considered the areas of Draft Corporate Plan 2016-18 and Budget Proposals 2016/17 that fall under the Committee Terms of Reference. Letters were written to the following Cabinet Members:

- Economic Development, City Operations and Communities, Housing and Customer Services – Cllr Bradbury.
- City Operations – Cllr Derbyshire.
- Corporate Overview – Cllr Hinchey.

The following replies have been received to the letters listed above:

- Cllr Bradbury – reply received 25 February 2016.
- Cllr Derbyshire – reply received 25 February 2016.

These letters are published on the Council's website and can be accessed via the following link - <http://goo.gl/O5mMr6>

17 March 2016

4. At this meeting the Committee considered the following items, with letters written to the relevant Cabinet Members and stakeholders:

- Tourism Strategy, Cardiff Capital Region City Deal – Cllr Bale.
- Quarter 3 Performance – Cllr Bradbury.

The following replies have been received to the letters listed above:

- Cllr Bale – reply received 31 May 2016.

These letters are published on the Council's website and can be accessed via the following link - <http://goo.gl/v2XScs>

7 April 2016

5. At this meeting the Committee considered the following items, with a letter written to the relevant Cabinet Member regarding them:

- Directorate Delivery Plans of Economic Development, City Operations and Communities, Housing and Customer Services – Cllr Bradbury.

- Communities, Housing and Customer Services Directorate Delivery Plan – Cllr De’Ath.
- Economic Development Directorate Delivery Plan – Cllr Bale.

The following replies have been received to the letters listed above:

- Cllr Bale – reply received 19 May 2016.
- Cllr Bradbury – reply received 31 May 2016.

These letters are published on the Council’s website and can be accessed via the following link - <http://goo.gl/RAUWpU>

12 May 2016

6. At this meeting the Committee considered the following items, with a letter written to the relevant Cabinet Member regarding them:

- Business Improvement District, Economic Development Q4 Performance – Cllr Bale.
- Business Improvement District, Economic Development Q4 Performance – Cllr Bradbury.
- Cardiff Central Market – Cllr Hinchey.

These letters are published on the Council’s website and can be accessed via the following link - <http://goo.gl/UTghH5>

Legal Implications

7. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with

recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

8. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

Recommendation

The Committee is recommended to:

- Review the responses received to the recent letters sent by the Committee and refer any questions or concerns to the relevant Cabinet Member or Director.

David Marr

Interim Monitoring Officer

3 June 2016