

**CARDIFF HARBOUR AUTHORITY: REVIEW**

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**Purpose of the Report**

1. This report gives Members background information regarding: Cardiff Harbour Authority; the agreement between Cardiff Council and Welsh Government regarding this; and previous scrutiny of earlier reviews of these arrangements. This information will assist Members in their scrutiny of the most recent review findings regarding Cardiff Harbour Authority arrangements.

**Scope of Scrutiny**

2. In December 2018, the Welsh Government commissioned Local Partnerships to undertake a review of the current arrangements re Cardiff Harbour Authority. The findings of the review are now available for consideration by this Committee and will be presented at the meeting.
3. During this scrutiny, Members have the opportunity to explore:
  - The findings of the review of the Cardiff Harbour Authority;
  - The implications of the review findings for citizens, residents, visitors, businesses, partners, Welsh Government and the Council;
  - Whether there are any risks to the Council;
  - The timeline and next steps.

**Structure of the meeting**

4. Members will receive a presentation from Local Partnerships outlining the findings of the review. A panel of review stakeholders has been invited, as follows:
  - Councillor Peter Bradbury (Cabinet Member – Culture & Leisure)
  - Neil Hanratty (Director of Economic Development)

- Jon Maidment (Operational Manager – Cardiff Harbour Authority)
  - Mark Williams (Welsh Government)
  - Howel Jones (Local Partnerships – consultant)
5. Following the presentation, Members will have the opportunity to put questions to the panel regarding the review findings, implications for the Council and key stakeholders and the next steps in the process. Members will then be able to decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration and whether further scrutiny is required.

## **Background**

6. Following the wind-up of the Cardiff Bay Development Corporation, Cardiff Council entered into an agreement, commencing 1 April 2000, with the Welsh Assembly Government to operate and manage Cardiff Bay via the Cardiff Harbour Authority. The agreement provided for a review of the financial management and funding arrangements; the first review took place in 2006, with a further review in 2011.
7. The Harbour Authority has a range of statutory duties and responsibilities. Operationally, the Harbour Authority is responsible for the management of the Barrage and the Bay, including the rivers Taff and Ely up to the weirs at Blackweir and the former Arjo Wiggins site respectively. The Authority also has a key environmental role in Cardiff Bay, with responsibility for maintaining water quality within the 200-hectare freshwater lake, and environmental management. In addition to groundwater monitoring and control, it is responsible for the promotion of conservation. More specifically, responsibilities include:
- operation and maintenance of the barrage, which provides a flood defence structure.
  - environmental management of Cardiff Bay.
  - operation and maintenance of the Pont-Y-Werin Bridge.
  - land areas of the Roald Dahl Plass (Oval Basin), Graving Docks, public car park adjacent to the St. David's Hotel & Spa and barrage car park.
  - directly managing the Cardiff Bay Water Activity Centre, Cardiff International White Water facility and the Norwegian Church Arts Centre.

- raising the profile of Cardiff Bay as a visitor attraction and educational resource locally, nationally and internationally.
- running an annual programme of events.

8. The Cardiff Bay Barrage Act 1993 sets the legislative framework for the Harbour Authority, outlining the main statutory responsibilities of the Harbour Authority.

Other legislation guiding the service includes:

- Dangerous Vessels Act 1985
- Transport Act 1982
- Local Government Planning and Land Act 1980
- Docks and Harbours Act 1966
- Harbours Act 1964
- Harbours, Docks and Piers Clauses Act 1847
- Salmon and freshwater fisheries Act 1975
- Environmental Protection Act 1990
- Environment Act 1995.

9. Whilst the Cardiff Bay Barrage Act 1993 sets out the Harbour Authority's statutory responsibilities, the Section 165<sup>1</sup> agreement (and its' subsequent Deeds of Variation following earlier reviews) sets out the contract between the Council and the Welsh Government regarding the Harbour Authority, in terms of obligations and funding. Welsh Ministers became responsible for paying the Council the amounts necessary to fulfil its statutory obligations under the Cardiff Bay Barrage Act 1993. This funding is ring-fenced and may only be spent on Cardiff Harbour Authority-related activities.

10. In December 2018, the Welsh Government issued a written statement<sup>2</sup> to inform members of the National Assembly that they had agreed with Cardiff Council to undertake a review of Cardiff Harbour Authority, setting out that:

*'The review will consider the current arrangements for funding and managing the Cardiff Bay Barrage, the inland lake and the outer harbour under the agreement between the*

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<sup>1</sup> Section 165 of the Local Government, Planning and Land Act 1980

<sup>2</sup> Available at: <https://gov.wales/written-statement-cardiff-harbour-authority-review>

*Welsh Ministers and Cardiff County Council (Cardiff CC). The review will be undertaken by Local Partnerships (a joint venture owned by HM Treasury, the Local Government Association and the Welsh Government).'*

11. The written statement goes on to say:

*'A key element of the review will be to consider whether there is scope to achieve improved value for money in the delivery of the statutory harbour authority functions including a means of securing longer-term financial savings and opportunities for increased income generation activities. It will also include a review of the Agreement's existing terms and conditions to take into account operational requirements and risk.'*

*'The Authority plays a crucial role in ensuring that Cardiff Bay is managed efficiently and effectively. With the support of Cardiff County Council, it has helped to establish the Bay and associated facilities as a unique public amenity worthy of forward looking capital city. The review is designed to ensure that we have sustainable arrangements in place to enable the Authority to carry on performing this role into the future.'*

12. Since the establishment of Cardiff Harbour Authority, there has been several reviews, audits and studies on the effectiveness of arrangements. These include Wales Audit Office reports (*The Cardiff Bay Barrage, 2000; Securing the Future of Cardiff Bay, 2001; and Continuing the regeneration of Cardiff Bay, 2002*) as well as Cardiff Council Scrutiny Inquiry reports in 2006 and 2010 and Welsh Assembly Government reviews in 2006 and 2011. Overall, these found that the Harbour Authority discharges its duties with competence, responsibility and professionalism. The early reports identified the need to be more customer-focused and improve engagement with stakeholders; later reports found these improvements had been made.

### **Previous Scrutiny**

13. This Committee has undertaken two detailed inquiries on Cardiff Harbour Authority, in 2006 and 2010, in order to inform discussions with Welsh Government regarding their reviews and the best way forward.

14. The first inquiry (*The future of Cardiff Harbour Authority, 2006*) advised on future risk management and long-term implications for the Council associated with continued management of the Bay. The Scrutiny Task and Finish Group made 11 recommendations in their report relating to the negotiations with the Welsh Assembly Government. More specifically, it highlighted the preference for the Council to continue with the Harbour Authority Contract. It also made recommendations regarding asset renewal, future regeneration, ecosystem management (in particular the Zebra Mussel threat), stakeholder engagement and contingency planning. The majority of the recommendations were accepted by the Executive and used to inform negotiations with Welsh Assembly Government.
15. The Council and Welsh Assembly Government completed their review in March 2007 and the Welsh Assembly Government then carried out a separate review using external consultants and confirmed that they would like the Council to continue to manage the Harbour Authority function. Negotiations were satisfactorily concluded with Welsh Assembly Government over revisions to the current agreement, which resulted in a simplified arrangement for the permanent transfer of the Harbour Authority responsibilities to the Council.
16. In 2010, the Committee undertook an inquiry into Cardiff Harbour Authority (*Cardiff Harbour Authority, 2010*) in response to a Welsh Assembly Government review into the affordability of the Authority. The report put forward twelve recommendations to the Executive relating to the Welsh Assembly's review of affordability, ten of which were accepted and two partly accepted.
17. The recommendations that were accepted in full were:

#### **Recommendations for the Executive**

Members consider that Cardiff Harbour Authority managing the Barrage and the Bay fits strategically with the Council's visions in terms of current developments and future regeneration of the Bay area, and should be continued if possible. However, a 30% reduction in grant funding for 2011/12 will have significant implications for the Council and Harbour Authority. Members encourage the Executive to consider the following

recommendations in their negotiations with the Welsh Assembly Government We recommend that the Executive:

### **Ecosystem management**

- R1. Emphasise the importance of water quality and cleanliness to the Bay and that any reductions in maintaining water quality (e.g. oxygen levels) and debris removal will adversely affect safety, sports operations and the valuable image of the Bay.
- R2. Fully support plans to reduce the financial burden of the existing monitoring regime given the 10 year establishment of the Bay and that there is confidence in ten years of historical environmental information.

### **Stakeholder Engagement**

- R3. Safeguard the existing levels of stakeholder engagement within the current negotiations as it plays a critical role in the effective running of the Bay. Members commend the positive response to the previous scrutiny recommendations in 2006 that have resulted in improvements to the communication and stakeholder engagement framework operated by the Harbour Authority.

### **Marketing**

- R4. Risk assess the implications of lower Welsh Assembly Government funding for the marketing the Bay upon the existing joint marketing arrangements for the city as a whole.
- R5. Consider what improvements can be made to signage of Cardiff Bay within the city centre so that visitors to the city centre are aware of the location of the Bay and the transportation routes available.

### **Events**

- R7. Move to a more efficient model for the delivery of events in the Bay by reviewing income generation options (e.g. charging for specific activities, sponsorship, donations etc.) and reducing costs (e.g. use of volunteers etc.). However, entry to the main events should continue to be free.

## **Sports**

- R8. Safeguard sports development in the Bay and emphasise its importance to Wales within the current negotiations. Members commend the improvements made to the sporting infrastructure within the Bay and note achievements to date within Welsh sport, particularly the emergence of international level competitors and in increasing participation levels within under represented communities.
  
- R9. Continue to promote the Bay as a World-class venue for water sports and examine methods to broaden usage of sports that carry minimal infrastructure costs such as Wind Surfing.

## **Commercial**

- R11. Rigorously pursue, with the Economy and Culture Committee, a decision from the Department of Transport on the charging levels for users of the Bay.
  
- R12. Keep under review the financial viability of improved water taxi transportation.

18. The recommendations that were partially accepted were:

- R6. Develop a cohesive approach to its events programme that improves the linkages between the city centre and the Bay and improves winter provision. In particular, consider the possibilities of alternating the location of winter wonderland between the city centre and Bay each year and seek to maximise other commercial uses for the Oval Basin.
  
- R10. Review the existing plans for the Graving Docks taking into account innovative opportunities that exist in the shorter term for example the Techniquest £1 million lottery bid which would broaden the appeal of the Bay and be a community asset, boosting awareness and education on environmental sciences for the public and schools of Cardiff.

## **Way Forward**

19. Councillor Peter Bradbury (Cabinet Member – Culture & Leisure) will be invited to make a statement. Neil Hanratty (Director of Economic Development) Jon Maidment (Operational Manager), Mark Williams (Welsh Government) and Howel

Jones (consultant, Local Partnerships) will attend to give a presentation and answer Members' questions on the Cardiff Harbour Authority review findings.

### **Legal Implications**

20. 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**

21. 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:

- i) Consider the information in this report and the information presented at the meeting;
- ii) Determine whether they would like to make any comments, observations or recommendations to the Cabinet on this matter; and
- iii) Decide the way forward for any future scrutiny of the issues discussed.

**DAVINA FIORE**

**Director of Governance & Legal Services**

**2 May 2019**